

continue to be in the future, to support measures protecting natural land and marine wildlife, and to oppose cruel and unnecessary treatment of these animals.

The participation of Canadian and Norwegian nationals in harvesting baby harp seals has, I believe, gone on long enough. While, as a result of the recommendations of the International Commission for the Northeast Atlantic Fisheries, both Canada and Norway have reduced the slaughter of this mammal,

they continue to maintain a quota of 150,000 for 1975.

In expressing my support for continued protection of land and marine wildlife, I would also like to direct the attention of my colleagues to the following resolution passed in the General Assembly of the State of Rhode Island on the 12th day of March 1975, "Memorializing Congress To Support the Suppression of the Cruel Slaughter of the Baby Harp Seal":

**MEMORIALIZING CONGRESS TO SUPPORT THE SUPPRESSION OF THE CRUEL SLAUGHTER OF THE BABY HARP SEAL**

Resolved, That the members of the congress of the United States be and they are hereby respectfully requested to support the suppression of the slaughter of the baby harp seal; and be it further

Resolved, That the secretary of state be and he is hereby authorized and directed to transmit duly certified copies of this resolution to the senators and representatives from Rhode Island in the Congress.

## HOUSE OF REPRESENTATIVES—Tuesday, March 25, 1975

The House met at 12 o'clock noon.

The Very Reverend Vasil Kendysh, rector, Byelorussian Autocephalic Orthodox Church, Brooklyn, N.Y., offered the following prayer:

In the name of the Father, and the Son, and the Holy Spirit.

Almighty Father, Thou art our Creator, Teacher, and Judge. We beseech Thee, free us of all human weakness and guide us in every step of our life on a rightful path.

Eternal God, bless this august House of Representatives of the United States of America. Strengthen the minds of its Members with wisdom, fortify their hearts with love, and their deeds with courage and justice.

Merciful God, we pray Thee on this 57th anniversary of the proclamation of independence of Byelorussia, have mercy upon her people. Strengthen their faith in Thy infinite goodness, support them in their sufferings, restore their freedom.

O God, accept this humble prayer of ours, bless the United States of America. Bless Byelorussia and her oppressed people. 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 Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (H.R. 4592) entitled "An act making appropriations for foreign assistance and related programs for the fiscal year ending June 30, 1975, and for other purposes."

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

S. 994. An act to authorize supplemental appropriations to the Nuclear Regulatory Commission for fiscal year 1975; and

S. 1307. An act to amend the McIntire-Stennis Act of 1962 to promote forestry research at private university forestry schools.

### THE VERY REVEREND VASIL KENDYSH

(Mr. BIAGGI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BIAGGI. Mr. Speaker, the opening prayer in the House today was offered so eloquently by the Very Reverend Father Vasil Kendysh, pastor of the St. Cyril of Turou Parish located in Brooklyn, N.Y.

Father Kendysh, in addition to tending to the needs of one of the largest Byelorussian-American parishes in the United States, serves as a secretary of the Consistory of the Byelorussian Autocephalic Orthodox Church. He has been in the priesthood for 8 years and previously served as pastor of St. Mary Zyrodyic Church in New Jersey before assuming the leadership of the Turou Parish where he has served for the past 4 years.

Father Kendysh is truly one of the finest representatives of the Byelorussian-American community. In addition to his work in the churches, he publishes a monthly magazine entitled the Voice of the Church, which is printed in Byelorussian and is distributed to over 1,000 Byelorussian Americans across the Nation. Even prior to his coming to the United States he gained the recognition and respect of the Byelorussian people through his efforts at organizing the Byelorussian Orthodox Church in Germany.

Father Kendysh is no stranger to this podium either, for on two previous occasions in the past 5 years he has offered the opening prayer in this distinguished body.

On the 57th anniversary of Byelorussian Independence Day it has been my privilege and honor to present Father Kendysh to my colleagues. He is a spiritual leader of exemplary stature and I welcome him as well as the president of the Byelorussian-American Association, Dr. Roger Horoshko, to the House today. I thank and salute these two fine men and extend to Father Kendysh the sincere thanks and best wishes of all of my colleagues.

### THE VERY REVEREND VASIL KENDYSH

(Mr. RICHMOND asked and was given permission to address the House for 1

minute and to revise and extend his remarks.)

Mr. RICHMOND. Mr. Speaker, I want to thank my colleague, the gentleman from New York (Mr. BIAGGI) for bringing to our midst Father Kendysh, pastor of St. Cyril of Turou-Cathedral, one of my constituents, at 416 Atlantic Avenue, in Brooklyn, N.Y. Father Kendysh is truly a man of missionary spirit. He is a leader of the Byelorussian community in our country. He publishes a major publication read by all Byelorussians in this country, called the Voice of the Church.

It is a great honor to have Father Kendysh here, particularly to commemorate the 57th anniversary of Byelorussian independence.

### CONGRESSMAN MCFALL REINTRODUCES CONCENTRATED INDUSTRIES ANTI-INFLATION ACT WITH 60 COSPONSORS

(Mr. MCFALL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MCFALL. Mr. Speaker, today I am reintroducing the Concentrated Industries Anti-Inflation Act with additional cosponsors.

Since I first introduced this bill as H.R. 4214 on March 4, almost 60 of my colleagues have joined with me in sponsoring this important economic legislation.

I understand that hearings will be scheduled by the Banking, Currency and Housing Committee in about a month, and I want to say that I appreciate the expeditious consideration that the committee is giving this legislation.

The eminent economist Gardner C. Means is the chief architect of the bill that I am introducing today.

This bill would be a major action aimed at the control of administered prices. These are prices set at an unfairly high level by industries which control a substantial share of a given market and which are outside the discipline of a truly competitive marketplace.

Hobart Rowan, the economic columnist of the Washington Post, has written a perceptive article on high prices in the March 23 edition, and I commend it to Members' attention. I propose to insert the article as a special order in today's CONGRESSIONAL RECORD.

The Concentrated Industries Anti-Inflation Act would deal with this problem by establishing an independent Price Resistance Board which would set broad guidelines for price behavior and which could require notification of proposed price increases. Notification would give the board time to use persuasion in instances when the proposed increase is greater than justified by costs or demand.

In the case of corporations with a half billion dollars or more in assets, the board would also have the power to disapprove or roll back specific price increases.

Two years ago, I introduced similar legislation. If we had enacted that bill, I believe that we would have had much less inflation today. We would have been able to make better use of fiscal and monetary policy to avoid recession.

#### PERMISSION FOR COMMITTEE ON RULES TO FILE CERTAIN PRIVILEGED REPORTS

Mr. BOLLING. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain privileged reports.

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

There was no objection.

#### TO CONTINUE NATIONAL INSURANCE DEVELOPMENT PROGRAM

Mr. BARRETT. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 2783) an act to continue the national insurance development program by extending the present termination date of the program to April 30, 1979, and by extending the present date by which a plan for the liquidation and termination of the reinsurance and direct insurance programs is to be submitted to the Congress to April 30, 1982, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 4, strike out lines 4 to 14, inclusive, and insert:

Sec. 2. Section 1201(b)(1) of the National Housing Act is amended by striking out "April 30, 1975" and inserting in lieu thereof "April 30, 1977".

Amend the title so as to read: "An Act to continue the national insurance development program."

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

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, will the gentleman from Pennsylvania tell us the difference between the House and Senate versions as they relate to the 2-year extension?

Mr. BARRETT. Yes, Mr. Speaker, if the gentleman will yield, I will be glad to do that.

Mr. Speaker, H.R. 2783 passed the House under suspension on March 18, 1975. As passed by the House, this bill would extend the urban riot reinsurance program and the Federal crime insur-

ance program for an additional 4 years. The Senate passed H.R. 2783 on March 21, 1975, with an amendment to reduce the period of extension from 4 years to 2 years for the riot reinsurance and the crime insurance programs. It is my understanding that the administration supports this extension and meets with the approval of the minority.

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

Mr. ROUSSELOT. I yield to the gentleman from Illinois.

Mr. ANNUNZIO. Mr. Speaker, the legislation before the House today, H.R. 2783, represents a compromise between the legislation as passed by the House which called for a 4-year extension of the national insurance development program and the Senate version of the bill which seeks a 2-year extension.

As the sponsor of this legislation, I have agreed to the compromise with the understanding that detailed hearings will be held on both of the insurance packages which make up the national insurance program.

Unless the House acts today and sends this legislation to the President for signature, more than 800,000 homeowners and small businessmen across the country will find themselves without insurance on April 30, the present cutoff date for the two insurance programs. However, the situation is more critical because in 12 States in which the programs operate State law requires a 30-day notice of cancellation. This means that on April 1, cancellation notices will be mailed to all policyholders in these States. You can well imagine the chaos that will occur when more than three-quarters of a million people are informed that they will no longer have insurance coverage.

Under the so-called FAIR plan system, the Federal Government agrees to reinsurance companies for riot inflicted losses provided the insurance companies write fire insurance and extend coverage to homeowners and businesses who are unable to obtain coverage through normal commercial channels. This program operates in 28 States including the District of Columbia and Puerto Rico. They are: California, Connecticut, Delaware, District of Columbia, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Missouri, New Jersey, New York, New Mexico, North Carolina, Ohio, Oregon, Pennsylvania, Puerto Rico, Rhode Island, Virginia, Washington, and Wisconsin.

Crime insurance is now available in 13 States and the District of Columbia. These States are: Connecticut, Delaware, Illinois, Kentucky, Florida, Massachusetts, New Jersey, New York, Ohio, Missouri, Pennsylvania, Rhode Island, and Tennessee. Under the crime insurance program the Governor of a State must certify that such insurance is not available at reasonable rates from private carriers before the Federal policies can be issued.

To date some 20,000 policies have been sold for a total insurance coverage of

roughly \$130 million. The crime insurance program, which is several years younger than the FAIR plan, has been inadequately advertised and the number of policies that have been sold is limited. A recent program to make homeowners and businessmen aware of the crime insurance program has brought about a dramatic increase in policy sales. It has been suggested that the Federal Government, instead of writing crime insurance, take action to control crime. While I certainly agree that we must be more vigorous in our fight against crime, at the same time we should not penalize homeowners and businessmen because crime exists. Homeowners and businessmen did not create crime and they are not the ones who are failing to take action to alleviate the situation. Yet homeowners and businessmen in high crime areas are the ones who have suffered in the past; namely, with the denial of insurance.

One important aspect of the crime insurance program is that before a Government policy can be written, the insurance applicant, whether he be a homeowner or a businessman, must install certain protective devices to deter criminals. These devices range from deadbolt locks for homeowners to electronic burglar alarms for certain types of businesses. Areas where Federal crime insurance is sold have been hailed for using these protective devices as an effective means of deterring crime.

Mr. Speaker, I have saved the best for last. Both the FAIR plan insurance and the crime insurance program operate at no cost to the taxpayer. No appropriated funds are used to run these programs. Instead, all premium income is placed in the National Insurance Development Fund and excess amounts in that fund are invested so as to bring an additional return to the fund.

It is rare that the Government can put together a program that not only helps homeowners and businessmen but at the same time does not burden the taxpayers with additional expenses.

This is the type of program that has proved its merits and should be extended for an additional 2 years.

Mr. ROUSSELOT. Mr. Speaker, I withdraw my reservation of objection.

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

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

#### REQUEST FOR IMMEDIATE CONSIDERATION OF SENATE CONCURRENT RESOLUTION 23. AUTHORIZING PRINTING OF ADDITIONAL COPIES OF THE CONGRESSIONAL PROGRAM OF ECONOMIC RECOVERY AND ENERGY SUFFICIENCY

Mr. BRADEMAS. Mr. Speaker, I ask unanimous consent for the immediate consideration of the Senate concurrent resolution (S. Con. Res. 23).

The Clerk read the title of the Senate concurrent resolution.

**THE SPEAKER.** Is there objection to the request of the gentleman from Indiana?

**MR. BAUMAN.** Mr. Speaker, reserving the right to object, when this resolution first came over from the other body last week, I took the trouble to obtain a copy and read it. The publication is entitled "The Congressional Program of Economic Recovery and Energy Sufficiency," dated February 1975.

Although it bears no markings whatever to indicate that it may be a public document, I found on page 3 the number, "47-351 O-75-2." Upon checking with the Office of the Public Printer at the Government Printing Office, I was informed there has already been expended \$3,452.30 of taxpayers' dollars for the printing of 3,000 copies of this document at the request of the Senate and the House Democratic Policy Committee, and the House Democratic Steering Committee, by what authority I do not know.

I am also informed that the cost of this publication is double what the normal printing costs of a report would be because it contains full-color prints of graphs and charts, and that to print 20,000 copies, as this resolution proposes, would cost nearly \$10,000.

What disturbs me the most, Mr. Speaker, is that this particular publication is a partisan document, attacking the President of the United States and his programs. In support of that I quote the following from page 32 of the document; and this is only one of many examples:

In sum, the President's program would trade the jobs and economic well-being of Americans to achieve a short-term result of dubious merit. The Congress will not tolerate such further economic sacrifice \* \* \*.

Mr. Speaker, if the Democratic Party wants to print campaign literature, they should not ask the taxpayers to foot the bill for it.

Therefore, Mr. Speaker, I object.

**THE SPEAKER.** Objection is heard.

**RESIGNATION AS MEMBER OF BOARD OF VISITORS OF THE U.S. AIR FORCE ACADEMY AND APPOINTMENT AS MEMBER OF BOARD OF VISITORS OF THE U.S. AIR FORCE ACADEMY**

The SPEAKER laid before the House the following resignation as a member of the Board of Visitors of the U.S. Air Force Academy.

WASHINGTON, D.C.,  
March 21, 1975.

HON. CARL ALBERT,  
*Speaker, House of Representatives.*

DEAR MR. SPEAKER: I hereby resign as a member of the Board of Visitors of the United States Air Force Academy.

Sincerely,

BARRY M. GOLDWATER, Jr.,  
*Member of Congress.*

The SPEAKER. Without objection, the resignation will be accepted.

There was no objection.

The SPEAKER. The Chair appoints as a member of the Board of Visitors of the U.S. Air Force Academy the gentleman from Virginia (Mr. ROBINSON) to fill the existing vacancy thereon.

**ANNOUNCEMENT BY THE SPEAKER—SUMMONS AND COMMUNICATIONS IN KATHRYN M. DEATS AGAINST CARL ALBERT, SPEAKER OF THE HOUSE OF REPRESENTATIVES**

**THE SPEAKER.** The Chair desires to make a statement. The Chair, in his official capacity as Speaker of this House, has been served with a summons issued by the U.S. District Court for the District of New Mexico to answer the complaint in the case of Kathryn M. Deats against Carl Albert. The Clerk will read the summons.

The Clerk read as follows:

ALBUQUERQUE, N. MEX.,  
March 11, 1975.

HON. CARL ALBERT,  
*Speaker of the House of Representatives,  
Washington, D.C.*

Re: DEATS V. U.S.A., Civil 75-126

HONORABLE SIR: Pursuant to Rule Four of the Federal Rules of Civil Procedure, forwarded herewith is summons together with complaint in the above-styled and numbered cause for service upon you.

Sincerely,

D. R. BACA,  
*U. S. Marshal.*

**SUMMONS**

[In the U.S. District Court for the District of New Mexico CIV 75-126]

Kathryn M. Deats, Albuquerque, New Mexico, Plaintiff v. Carl Albert, Speaker of the House of Representatives, Washington, D.C., Defendant.

To the above named Defendant:

You are hereby summoned and required to serve upon Kathryn M. Deats 509½ Wyoming SE, Albuquerque, New Mexico 87123 plaintiff's attorney, whose address is stated above, an answer to the complaint which is herewith served upon you, within 60 days after service of this summons upon you, exclusive of the day of service. If you fail to do so, judgment by default will be taken against you for the relief demanded in the complaint.

L. G. KANALY,  
*Clerk of Court.*  
V. SCHWANZ,  
*Deputy Clerk.*

Date: March 7, 1975.

NOTE.—This summons is issued pursuant to Rule 4 of the Federal Rules of Civil Procedure.

**THE SPEAKER.** Letters that the Chair has sent to the Attorney General of the United States and to the U.S. District Attorney for the District of New Mexico in connection with the case heretofore mentioned will be inserted at this point in the RECORD.

U.S. HOUSE OF REPRESENTATIVES,  
Washington, D.C., March 24, 1975.

HON. EDWARD H. LEVI,  
*Attorney General of the United States  
Department of Justice,  
Washington, D.C.*

DEAR MR. LEVI: I am sending you a copy of a summons and complaint in Civil Action No. 75-126 filed against me in the United States District Court for the District of New Mexico, and served upon me on March 11, 1975, by a United States Marshal.

In accordance with 2 U.S.C. § 118 I have sent a copy of the summons and complaint in this action to the United States Attorney for the District of New Mexico requesting that he take appropriate action under the supervision and direction of the Attorney General. I am also sending you a copy of

the letter I forwarded this date to the United States Attorney.

With kind regards, I am  
Sincerely yours,

CARL ALBERT.

U.S. HOUSE OF REPRESENTATIVES,  
Washington, D.C., March 24, 1975.

HON. VICTOR R. ORTEGA,  
*United States Attorney for the District of  
New Mexico, Albuquerque, N.M.*

DEAR MR. ORTEGA: I am sending you a copy of a summons and complaint in Civil Action No. 75-126 filed against me in the United States District Court for the District of New Mexico, and served upon me by a United States Marshal on March 11, 1975.

In accordance with 2 U.S.C. § 118, I respectfully request that you take appropriate action, as deemed necessary, under the "supervision and direction of the Attorney General" of the United States in defense of this suit against me in my official capacity.

I am also sending you a copy of the letter that I forwarded this date to the Attorney General of the United States.

With kind regards, I am  
Sincerely,

CARL ALBERT.

**SPEAKER CLARK'S DESK, A MEMENTO OF YESTERYEAR**

(MR. HUNGATE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

MR. HUNGATE. Mr. Speaker, I should like to bring to the attention of the Members that the desk formerly used by Speaker Champ Clark at the time when all 435 Members had desks here on the floor is in the Speaker's lobby.

I thought it might be of interest to the Members to see what those desks were like. They were last used in 1914, and Speaker Clark's daughter advises that he acquired this one for use in the House in 1893.

**CALL OF THE HOUSE**

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

THE SPEAKER. Evidently a quorum is not present.

MR. MCFALL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 91]

Andrews, N.C.	Eckhardt	Murphy, N.Y.
Ashbrook	English	O'Neill
Aspin	Erlenborn	Passman
AuCoin	Esch	Riegle
Biesler	Evins, Tenn.	Runnels
Bingham	Harsha	Scheuer
Brooks	Hawkins	Selberling
Burke, Calif.	Hays, Ohio	Shipley
Casey	Hebert	Shuster
Chappell	Hightower	Skubitz
Chisholm	Ichord	Solarz
Conyers	Metcalfe	Udall
Dellums	Mills	Ullman
Dent	Moorhead, Pa.	Van Deerlin
Diggs	Morgan	Waxman

THE SPEAKER. On this rollcall 387 Members have recorded their presence by electronic device, a quorum.

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

PERMISSION FOR COMMITTEE ON ARMED SERVICES AND SUBCOMMITTEES TO PROCEED WITH HEARINGS DURING 5-MINUTE RULE

Mr. CHARLES H. WILSON of California. Mr. Speaker, I ask unanimous consent that the Committee on Armed Services and its subcommittees be permitted to proceed this afternoon with hearings on H.R. 3689, the fiscal year 1976 Department of Defense appropriation request, and H.R. 49, during the 5-minute rule.

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

There was no objection.

PROPOSED EASTER RECESS

(Mr. ROGERS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROGERS. Mr. Speaker, there has been discussion during the past week about the upcoming Easter recess.

I strongly feel that the work facing the Congress makes such a protracted recess unthinkable. We simply have too many important issues to consider to be taking such a recess.

Certainly the Holy Days of the Easter season should be acknowledged. And a recess for this purpose from close of business Thursday to Monday would be appropriate.

But while the economy continues to stagger I do not think we should be leaving our business.

CONFERENCE REPORT ON H.R. 3260, RESCINDING CERTAIN BUDGET AUTHORITY

Mr. MAHON. Mr. Speaker, pursuant to the order of the House of Thursday last, I call up the conference report on 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 ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

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

POINT OF ORDER

Mr. WRIGHT. Mr. Speaker, I make a point of order against the conference report.

The SPEAKER. The gentleman will state his point of order.

Mr. WRIGHT. Mr. Speaker, I make a point of order against the conference report. Approval of this conference report at this time would constitute a violation of the Congressional Budget and Impoundment Control Act of 1974 in that more than 45 days prescribed in that act have expired.

The rescissions that are the subject of this conference report were proposed by the President in House Document 93-398, November 26, 1974, and as amended by House Document 94-39, January 30, 1975.

Mr. Speaker, it is essential that we follow proper procedures as we implement the provisions of title X of the Congressional Budget and Impoundment Control Act of 1974.

These rescissions were originally proposed on November 26 by the President. The 93d Congress adjourned before the expiration of the 45-day period as prescribed in title X, part B, section 1011, paragraph (5), and these rescissions were automatically retransmitted at the beginning of the 94th Congress, and thus the 45-day period which Congress is allowed in which to complete its action began running again, this time expiring on February 28, 1975. And even though the President later revised these rescissions, the time period upon which the 45-day period is based is determined by the date of the original rescission message.

In House Document 93-410, December 13, 1974, as submitted by the Comptroller General of the United States, the Comptroller General held that the time frames for congressional and General Accounting Office action on rescissions are not altered by the supplemental messages of the President. I quote this sentence:

They start from the date of the President's original message.

And Mr. Speaker, the opinion of the Comptroller General is even more important than usual because of the special responsibilities conferred upon him under sections 1015 and 1016 of title X.

Thus, Mr. Speaker, it is clearly established that the 45-day period has elapsed in regard to rescissions 75-28 and 75-28A.

And it is essential that such an opinion be sustained, because if it were not, then the President could send a revision of a rescission to the Congress whenever he desired in order to keep the 45-day period from ever expiring. Such a procedure would clearly violate the very heart and purpose of title X.

Mr. Speaker, once the 45-day period elapses, a rescission cannot be part of a rescission bill under the definitions of title X of the Congressional Budget and Impoundment Control Act of 1974.

This is clearly spelled out in title X, part B, section 1011, paragraph (3) which defines what a "rescission bill" is, and I quote:

(3) "rescission bill" means a bill or joint resolution which only rescinds, in whole or in part, budget authority proposed to be rescinded in a special message transmitted by the President under section 1012, and upon which the Congress completes action before the end of the first period of 45 calendar days of continuous session of the Congress after the date on which the President's message is received by the Congress.

This is further reinforced by section 1012(b) of title X which reads as follows:

(b) REQUIREMENT TO MAKE AVAILABLE FOR OBLIGATION.—Any amount of budget authority proposed to be rescinded or that is to be rescinded as set forth in such special message shall be made available for obligation unless, within the prescribed 45 day

period, the Congress has completed action on a rescission bill rescinding all or part of the amount proposed to be rescinded or that is to be reserved.

Mr. Speaker, clearly 45 days of continuous session have elapsed and a rescission bill containing rescission 75-28 as amended by rescission 75-28A would not be in order. The executive branch, recognizing that the 45-day period has expired, has proceeded to make the funds in question available for obligation.

The Comptroller of the Department of Defense in a letter to the chairman of the House Appropriations Committee recognizes that the period provided by law for approving this rescission has legally expired. He states that he and the Director of the Office of Management and Budget have proceeded to implement the obligation of the defense funds after the expiration of the 45-day period of February 28.

Mr. Speaker, I insist on my point of order.

The SPEAKER. Does the gentleman from Texas wish to be heard on the point of order?

Mr. MAHON. Mr. Speaker, I ask to be heard on the point of order.

Mr. Speaker, we are breaking new ground in the House of Representatives today. For the first time in the life of the House of Representatives, we have a conference report on a rescission bill under the new law. I wish to be heard against the point of order.

I would say that the thrust of the point of order of the gentleman from Texas (Mr. WRIGHT) is that the Impoundment Control Act defines a rescission bill as a bill or joint resolution which rescinds budget authority, and upon which Congress completes action before the end of the first period of 45 days of continuous session after the time on which the President's message is received by the Congress.

The gentleman from Texas argues that this period has now elapsed and that further consideration is not in order.

The gentleman is correct when he points out that there are numerous complex and confusing problems associated with the 45-day period and the unclear effect this has on the legality of a rescission bill. However, these questions are apart from the issue of this conference report being in order at this time.

Mr. Speaker, when the House considered the bill before us 1 month ago today, on February 25, we were within the 45-day period specified by the act for the consideration of a rescission. If the House were considering the item contained in this rescission bill for the first time today, the point of order made by the gentleman would, of course, lie. But this is a conference report. The House passed this bill a month ago under the rules and under the requirements of the Budget Control and Impoundment Act, and the other body passed the bill. There is nothing in the law prohibiting the consideration of conference reports after the 45-day period on a bill that has been considered and passed, as this one has within the 45-day period. There are no grounds not to consider the conference report today, as I see it.

Further, Mr. Speaker, section 1017(c) (5) of the act entitled "Floor Consideration in the House," says that except to the extent specifically provided in this subsection—and there is no such reference in the subsection—consideration of any conference report on rescission bills shall be governed by the Rules of the House of Representatives applicable to other conference reports in similar circumstances.

There is nothing in this conference report that would have been subject to a point of order when the bill was originally considered in the House and the bill itself was considered within the 45-day period referred to in the act.

Mr. Speaker, as I indicated, if we are considering these particular rescissions today for the first time in a bill just reported to the House, the gentleman's point of order might lie. But at this stage in the legislative process, when we have before us this conference report, that is, a consideration of a proper conference report, the point of order does not lie, in my judgment, and should be overruled.

Mr. Speaker, I ask that the point of order be overruled.

The SPEAKER. Does the gentleman from Massachusetts desire to be heard on the point of order?

Mr. DRINAN. Mr. Speaker, I want to urge a point of order offered by the distinguished gentleman from Texas (Mr. WRIGHT).

The simple fact is that the President notified the Congress on November 26, 1974, of these rescissions. The Congress adjourned. But the time once again started, upon our reconvening. The 45 days expired on February 28. It is totally contrary to the letter and the spirit of the Impoundment Act for us, on March 25, to set aside these rescissions. As a matter of fact, the law should read—and I have a bill in to make the law read—that from the very moment the President sends us a rescission bill, in this instance, on November 26, he has no right under the law to impound the funds.

The fact of the matter is OMB has impounded the funds as of November 26, and legally, they were required to disimpound those funds and obligate those funds on February 28. If they did not do it, they are acting illegally. I hope they have done it and, consequently, I think there is no point, on March 25, of our telling the administration of setting aside these rescissions, and I urge, in the strongest terms, that the point of order of the gentleman from Texas (Mr. WRIGHT) be sustained.

The SPEAKER. Does the gentleman from Massachusetts (Mr. CONTE) desire to be heard on the point of order?

Mr. CONTE. Mr. Speaker, I rise in opposition to the point of order under Public Law 93-344, the Impoundment Act. In section 404 of that act which amends the House rules, clause 2, rule XI, of the Rules of the House of Representatives is amended by redesignating paragraph (b) and paragraph (c) and by inserting after paragraph (a) the following:

Rescissions and appropriations contained in the Appropriation Act shall be within the jurisdiction of the Appropriations Committee.

Mr. Speaker, even aside from the Budget and Impoundment Act, that jurisdiction was given under rule X of the Rules of the House of Representatives, and the Committee on Appropriations was well within its jurisdiction to make its rescission.

The SPEAKER. The Chair is ready to rule.

The gentleman from Texas (Mr. WRIGHT) has made a point of order against the consideration of the conference report on the basis that it would violate provisions of the Congressional Budget and Impoundment Control Act of 1974. Specifically, it is alleged that since the 45-day period provided for in section 1011 of the act has expired, the report may not be considered.

The section referred to by the gentleman defines a rescission bill for the purposes of title X of the act. Technically speaking, after the expiration of the 45-day period a bill does not meet the definition of a "rescission bill" under the terms of the act. The effect of this, however, is simply to deny to the bill the privilege for initial consideration in the House afforded under section 1017. This is not tantamount to the proposition that the Congress cannot pass a bill the effect of which is to rescind certain budget authority irrespective of any particular time frame. The act itself recognizes the power of Congress to pass such a bill by providing in section 1001 that nothing contained in the act shall be construed as conceding the constitutional powers of the Congress.

The House passed this bill within the time period specified in the act. The other body then acted on the bill, and the differences were resolved in conference. The conference report is now before the House. All rules of the House relative to consideration of conference reports having been complied with, the Chair finds no reason to prohibit the consideration of this report. The point of order is therefore overruled.

Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of March 24, 1975.)

Mr. MAHON (during the reading). Mr. Speaker, I ask unanimous consent to dispense with further reading of the statement.

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

There was no objection.

The SPEAKER. The Chair recognizes the gentleman from Texas (Mr. MAHON).

Mr. MAHON. Mr. Speaker, as stated earlier, this is the first conference report to be presented to the House under the new Congressional Budget and Impoundment Control Act.

The President a few months ago sent to Congress a request for the rescission of \$949,443,172. This request dealt largely with items in the defense, housing and health, education, and welfare areas. The conferees have agreed on the rescission of \$243 million, not the nearly \$1 billion recommended by the President.

Most of the rescissions are in the defense area—\$183,200,000 out of the bill total of \$243,359,370. The largest rescission is for 12 F-111F fighter aircraft.

Mr. Speaker, I am troubled about this measure. I am troubled about it because Congress is doing today, in my opinion, a very foolish thing. The F-111 rescission was originally agreed to on a floor amendment. I believe that if more of the Members had been present during the debate on the amendment that the amendment would not have been agreed to. The rescission will throw many thousands of employees out of work—about 5,000 in the Fort Worth area alone. Most of these unemployed workers in Texas and elsewhere will begin to draw unemployment benefits, requiring millions of dollars of Federal expenditures. As I pointed out when the original amendment was before us, \$205 million was appropriated last year for the procurement of 12 F-111F tactical fighter-bomber aircraft. Of that amount, some \$72 million has already been obligated. To stop the procurement now will result in the wasting of large sums of Federal dollars. If the entire \$205 million is spent, we get for the Air Force 12 modern combat aircraft. By agreeing to the rescission, we will receive no aircraft, only some parts and considerable scrap.

In our hearings recently, I asked the Secretary of Defense why the executive had proposed the rescission of \$122 million since it appeared to make little sense. He replied that the administration decided to propose the rescission of all funds appropriated to the Defense Department for fiscal year 1975 which were not requested in the original fiscal year 1975 budget. Apparently everything proposed by the President was considered to be needed and everything proposed by the Congress was considered unimportant.

I believe that the Congress seriously erred in agreeing to the proposed rescission, but in view of the overwhelming adverse votes in both the House and Senate, the conferees had no choice other than to provide for the rescission which had been agreed to. Under the circumstances, with much regret I must vote for the conference report.

Other major rescissions in the conference report include \$7,856,470 for the water bank program in the Agriculture Department; \$2,100,000 for the State Department; \$14,250,000 for the Commerce Department; \$9,400,000 for the Justice Department; and \$1,530,000 for the Treasury Department.

Mr. Speaker, this is the first conference report on a rescission bill ever considered by the House. There are many confusing and unclear areas associated with title X of the Congressional Budget and Impoundment Control Act which we adopted last year and which governs the procedures for a rescission bill. I am hopeful as we proceed on these bills that gradually the problems will be worked out.

I urge adoption of the conference report.

Under leave to insert tabular material, I am inserting a table which summarizes the actions in this bill:

H.R. 3260, 2D RESCSSION BILL, 1975

[Comparison of conference action to request, House action and Senate action by subcommittee]

Subcommittee	Request	House action	Senate action	Conference action	Conference action compared with—		
					Request	House action	Senate action
Agriculture	\$21,212,940		\$7,856,470	\$7,856,470	-13,356,470	+7,856,470	
Defense	278,800,000	\$183,200,000	243,500,000	183,200,000	-95,600,000		-60,300,000
HUD-Independent Agencies	264,117,000				-264,117,000		
Interior	14,921,000				-14,921,000		
Labor-HEW	284,719,332				-284,719,332		
State, Justice, Commerce, and the Judiciary	36,650,000	33,350,000	23,100,000	25,750,000	-10,900,000	-7,600,000	+2,650,000
Treasury, Postal Service, and General Government	49,022,900	26,022,900	46,022,900	26,552,900	-22,470,000	+530,000	-19,470,000
Total	949,443,172	242,572,900	320,479,370	243,359,370	-706,083,802	+786,470	-77,120,000

Mr. CEDERBERG. Mr. Speaker, I yield such time as he may consume to the gentleman from Massachusetts (Mr. CONTE).

(Mr. CONTE asked and was given permission to revise and extend his remarks.)

Mr. CONTE. Mr. Speaker, I rise in support of the adoption of this report.

As my colleagues will recall, I offered an amendment to this bill to rescind funding for the F-111F fighter/bomber aircraft. This amendment was adopted by a vote of 240 to 164.

In the Senate, a similar amendment to this bill was passed.

Mr. Speaker, I am pleased to note that the rescission of funds for the F-111F is contained in this conference report, and I have every expectation that it will be passed.

The conferees are recommending total rescissions of \$243.4 million in this bill, which is slightly above the amount which we passed in the House. Even so, we are still 74 percent below the administration's request, and I believe that we can and must do better.

I do not know whether the administration plans to send us any more rescission proposals this year, but I think we have got to draw the line on spending. If not this year, then certainly in the 1976 budget.

The time is past when we could print more money for these programs and have it absorbed into the economy without serious repercussions.

The state of the Union is not good, and we must commit ourselves to following a responsible policy on expenditures.

Mr. Speaker, I would like to take this opportunity to thank those of my colleagues who supported my F-111F amendment as a blow for fiscal responsibility, and urge all of my colleagues to adopt this conference report.

Mr. MAHON. Mr. Speaker, I yield 5 minutes to the gentleman from Texas (Mr. WRIGHT).

Mr. WRIGHT. Mr. Speaker, I oppose the conference committee report.

Perhaps my speaking now in opposition to this report is a futile gesture. The House voted earlier this year to cut out all money for the F-111.

I am aware that it is an emotional issue on the part of many Members and that many new Members came here committed to vote to trim military expenditures. This was the first bill up which gave them an opportunity to go on record against military expenditures.

Mr. Speaker, the supreme irony of it is that by voting in this false economy

move to trim this relatively trifling amount, they have committed the Congress to one of two choices: Either to have no supersonic bomber fleet, none, or to buy the B-1 at \$100 million a copy.

If the Members want to be confronted with that dilemma, then they should vote for this conference committee report. If the Members have reservations about making that choice, either to be denuded of any capacity to have a supersonic bomber fleet or to purchase the B-1 at \$100 million a copy, then they should vote against this conference committee report.

The F-111 is the most modern bomber in the free world. It has the best safety record, judged by thousands of hours flown, of any aircraft in the arsenal, any of them. It is the only aircraft we have which is capable of a low-level, supersonic bombing attack, coming in under the enemy's radar and being gone before the enemy knows it is there.

In combat over heavily defended targets in North Vietnam the F-111 more than amply proved itself.

It was said on this House floor earlier that we have the B-52 and, therefore, we do not need another bomber. The B-52's, when we go into the 1980 time frame, will be more than 30 years old. They are subsonic. They are incapable of supersonic flight. They are incapable of low-level bombing attack.

The B-52's were sitting ducks in North Vietnam. They fell like flies over the heavily defended targets there. While they were being shot down because they were such big targets and so slow, and required to fly high where the radar cone can pick them up before they get to their target, the F-111's were attacking those same targets and getting away. Pilots and crews were surviving. The F-111 survival rate over those targets was five times better than that of the B-52's.

So, let us face it now. If you just want a superficial opportunity to say you voted to cut military expenditures, you can save a few paltry dollars, and wind up with \$75 million worth of parts we cannot use. In the process we shall disrupt 16,810 workers, and they are not all in Texas, by any manner of means; 3,520 are in New York State, 2,710 are in California, 1,790 in Missouri, 1,440 in Connecticut, 2,000 in Ohio, Indiana, Massachusetts, New Jersey, and Illinois, and 1,250 in 25 other States. All these people will be affected by unemployment. Most significantly, we will have cut out the only option we have to doing away with bombers, having no supersonic bombers, or buying the B-1's.

Now, if you want to face that choice, then just go ahead and vote for this conference report. But if you think we can get by without any bombers and still have a deterrent capacity, just bear this thought in mind: Once you commit that missile it is committed. It does not have anybody sitting in it who can turn it around and bring it back if the crisis passes; it has no flexibility. I think we need a flexible and believable deterrent, and for that reason I believe we need some supersonic bombers. And I do not believe Congress is going to be anxious to pay \$100 million apiece for B-1's. Therefore, I say we should vote against this conference committee report.

The SPEAKER. The time of the gentleman has expired.

Mr. MAHON. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered. The SPEAKER. The question is on the conference report.

The question was taken, and the Speaker announced that the ayes appeared to have it.

Mr. WRIGHT. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 346, nays 59, not voting 27, as follows:

[Roll No. 92]  
YEAS—346

Abdnor	Brinkley	D'Amours
Abzug	Brohead	Daniel, Dan
Addabbo	Broomfield	Daniel, Robert
Alexander	Brown, Calif.	W., Jr.
Anderson	Brown, Mich.	Delaney
	Brown, Ohio	Derrick
Anderson, Ill.	Broyhill	Derwinski
Andrews, N.C.	Buchanan	Devine
Andrews, N. Dak.	Burgener	Dickinson
Annunzio	Burke, Calif.	Diggs
Armstrong	Burke, Fla.	Dingell
AuCoin	Burke, Mass.	Downing
Badillo	Burlison, Mo.	Drinan
Bafalis	Burton, John	Duncan, Oreg.
Baldus	Burton, Phillip	Duncan, Tenn.
Barrett	Butler	du Pont
Baucus	Byron	Early
Bauman	Carney	Eckhardt
Beard, R.L.	Carr	Edgar
Beard, Tenn.	Carter	Edwards, Ala.
Bedell	Cederberg	Edwards, Calif.
Bell	Clancy	Ellberg
Bennett	Clausen,	Emery
	Don H.	English
Bergland	Clawson, Del.	Esch
Bevill	Clay	Eshleman
Biaggi	Cleveland	Evans, Colo.
Blester	Cochran	Evans, Ind.
Bingham	Cohen	Fascell
Blanchard	Conable	Fenwick
Blouin	Conlan	Findley
Boggs	Conte	Fish
Boland	Conyers	Fisher
Bonker	Corman	Fithian
Bowen	Cornell	Flood
Brademas	Coughlin	Flowers
Breaux	Crane	Flynt

Foley	Lujan	Rosenthal
Ford, Mich.	McClory	Rostenkowski
Ford, Tenn.	McCloskey	Roush
Forsythe	McCollister	Rousselot
Fountain	McCormack	Ruppe
Fraser	McDade	Russo
Frenzel	McDonald	Ryan
Frey	McEwen	St Germain
Fulton	McFall	Sarbanes
Fuqua	McHugh	Satterfield
Gaydos	McKay	Scheuer
Gibbons	Macdonald	Schneebeli
Gilman	Madigan	Schroeder
Goodling	Maguire	Schulze
Gradison	Mahon	Sebelius
Grassley	Mann	Sharp
Green	Martin	Shriver
Gude	Matsunaga	Shuster
Guyer	Mazzoli	Sikes
Hagedorn	Meeds	Sisk
Hamilton	Melcher	Slack
Hanley	Metcalfe	Smith, Iowa
Hannaford	Meyner	Smith, Nebr.
Hansen	Mezvinsky	Snyder
Harkin	Michel	Solaz
Harrington	Mikva	Spellman
Harris	Miller, Calif.	Spence
Harsha	Miller, Ohio	Staggers
Hayes, Ind.	Mineta	Stanton
Hebert	Minish	J. William
Hechler, W. Va.	Mink	Stanton, James V.
Heckler, Mass.	Mitchell, Md.	Stark
Hefner	Mitchell, N.Y.	Steed
Heinz	Moakley	Steelman
Helstoski	Moffett	Steiger, Ariz.
Henderson	Moore	Steiger, Wis.
Hinshaw	Moorhead,	Stokes
Holland	Calif.	Studds
Holt	Moorhead, Pa.	Symington
Holtzman	Morgan	Talcott
Horton	Mosher	Mottl
Howe	Mottl	Taylor, Mo.
Hubbard	Murphy, Ill.	Taylor, N.C.
Hughes	Murphy, N.Y.	Thompson
Hungate	Murtha	Thone
Hutchinson	Myers, Ind.	Thornton
Hyde	Myers, Pa.	Traxler
Jacobs	Natcher	Treen
Jarman	Neal	Tsongas
Jeffords	Nedzi	Udall
Jenrette	Nichols	Ullman
Johnson, Calif.	Nolan	Van Deerlin
Johnson, Colo.	Nowak	Vander Jagt
Johnson, Pa.	Oberstar	Vander Veen
Jones, N.C.	O'Brien	Vanik
Jones, Okla.	Ottinger	Vigorito
Jones, Tenn.	Patten	Waggoner
Jordan	Patterson, Calif.	Walsh
Karth	Pattison, N.Y.	Wampler
Kasten	Perkins	Weaver
Kastenmeier	Peyser	Whalen
Kelly	Pickle	White
Kemp	Pressler	Whitehurst
Ketchum	Freyer	Whitten
Keys	Pritchard	Wiggins
Kindness	Quie	Wilson, Charles H., Calif.
Koch	Quillen	Wilson, Charles, Tex.
Krebs	Railsback	Rees
Krueger	Rangel	Regula
LaFalce	Rangel	Reuss
Lagomarsino	Rhodes	Rhodes
Landrum	Richmond	Richmond
Latta	Riegle	Riegle
Lehman	Rinaldo	Rinaldo
Lent	Robinson	Robinson
Levitas	Young, Alaska	Young, Fla.
Litton	Young, Ga.	Young, Ga.
Lloyd, Calif.	Rodino	Roe
Lloyd, Tenn.	Rodino	Zablocki
Long, La.	Roe	Zefteretti
Long, Md.	Roncalio	Rose
Lott	Roncalio	Rose

NAYS—59			
Ambro	Gonzalez	Poage	
Archer	Haley	Price	
Ashley	Hall	Randall	
Boiling	Hammer-	Risenhoover	
Breckinridge	schmidt	Roberts	
Burleson, Tex.	Hastings	Rooney	
Casey	Hicks	Royal	
Chisholm	Howard	Santini	
Collins, Tex.	Jones, Ala.	Simon	
Cotter	Kazen	Stephens	
Daniels	McKinney	Stratton	
Dominick V.	Mathis	Stuckey	
Danielson	Milford	Sullivan	
Davis	Montgomery	Symms	
de la Garza	Moss	Wilson, Bob	
Dodd	Nix	Wolff	
Downey	Obey	Wright	
Florio	O'Hara	Young, Tex.	
Gialmo	Patman		
Ginn	Pike		

## NOT VOTING—27

Adams	Goldwater	O'Neill
Ashbrook	Hawkins	Passman
Aspin	Hays, Ohio	Pepper
Brooks	Hightower	Runnels
Collins, Ill.	Ichord	Seiberling
Dellums	Leggett	Shipley
Dent	Madden	Skubitz
Erlenborn	Mills	Teague
Evins, Tenn.	Mollohan	Waxman

So the conference report was agreed to.

The Clerk announced the following pairs:

Mr. O'Neill with Mr. Mollohan.  
 Mr. Hays of Ohio with Mr. Leggett.  
 Mr. Brooks with Mr. Madden.  
 Mr. Adams with Mr. Aspin.  
 Mr. Seiberling with Mr. Dellums.  
 Mr. Shipley with Mr. Skubitz.  
 Mr. Pepper with Mr. Goldwater.  
 Mr. Hawkins with Mrs. Collins of Illinois.  
 Mr. Dent with Mr. Ashbrook.  
 Mr. Evins of Tennessee with Mr. Teague.  
 Mr. Ichord with Mr. Erlenborn.  
 Mr. Hightower with Mr. Passman.  
 Mr. Runnels with Mr. Waxman.

The result of the vote was announced as above recorded.

## GENERAL LEAVE

Mr. MAHON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report just agreed to, and that I may be permitted to include extraneous matter.

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

There was no objection.

CONFERENCE REPORT ON H.R. 4075  
RESCINDING CERTAIN BUDGET AUTHORITY

Mr. MAHON. Mr. Speaker, pursuant to the prior order of the House, I call up the conference report on the bill (H.R. 4075) to rescind certain budget authority recommended in the message of the President of January 30, 1975, and in the communications of the Comptroller General of February 7, 1975, and of February 14, 1975, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

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

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of March 24, 1975.)

The SPEAKER. The Chair recognizes the gentleman from Texas (Mr. MAHON).

Mr. MAHON. Mr. Speaker, this conference report on H.R. 4075 contains rescissions that total \$16,454,704. The conference report is identical to the bill that passed the House. The Senate made two amendments to the bill but receded in conference.

The rescissions the conference report contains include \$10,000,000 for forestry incentive programs; \$995,000 for the Department of Defense; \$500,000 for the Consumer Product Safety Commission; and \$4,999,704 for the Inter-American Cultural and Trade Center.

Mr. Speaker, this conference report is \$1,243,939,250 below the amount recommended for rescission by the President. The principal reason for this large difference is that the President had recommended \$939,030,250 in rescissions for various health and education items and \$125,000,000 in rescissions for the job opportunities program of the Economic Development Administration, all of which the Congress did not agree to rescind.

Mr. Speaker, I urge the adoption of the conference report. Under leave to insert tabular material, I am placing in the RECORD at this point a table which summarizes the conference report. This table contains a figure that is different from that shown in the "conference totals" at the end of the statement of the managers. The Senate inadvertently included an improper figure that caused the budget requests to be \$11,717,000 higher than actually submitted. The table follows:

H.R. 4075, 3D RESCSSION BILL, 1975, COMPARISON OF CONFERENCE ACTION TO REQUEST, HOUSE ACTION, AND SENATE ACTION BY SUBCOMMITTEE

Subcommittee	Budget request	House action	Senate action	Conference action	Budget request	House action	Senate action
Agriculture.....	\$191,700,000	\$10,000,000	\$10,000,000	\$10,000,000	\$—181,700,000	0	0
Defense.....	955,000	955,000	955,000	955,000	0	0	0
HUD-Independent Agencies.....	1,709,000	500,000	0	500,000	—1,209,000	0	+\$500,000
Labor-HEW.....	924,311,250	0	0	0	—924,311,250	0	0
State, Justice, Commerce, and Judiciary.....	129,999,704	4,999,704	0	4,999,704	—125,000,000	0	+\$4,999,704
Total.....	—1,248,674,954	16,454,704	10,955,000	16,454,704	1,232,220,250	0	8,499,704

Mr. CEDERBERG. Mr. Speaker, I have no further requests for time.

Mr. MAHON. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

#### GENERAL LEAVE

Mr. MAHON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report just agreed to and that I may include tables and charts on the remarks I made today.

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

There was no objection.

#### DISAPPROVING THE DEFERRAL OF CERTAIN BUDGET AUTHORITY RELATING TO THE DEPARTMENT OF COMMERCE, NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

Mr. SLACK. Mr. Speaker, I call up House Resolution 309, disapproving the deferral of certain budget authority, and ask unanimous consent that it be considered in the House.

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

There was no objection.

The Clerk read the resolution, as follows:

#### H. RES. 309

*Resolved*, That the House of Representatives hereby expresses its disapproval of proposed deferral D 75-94, as set forth in the President's special message of November 26, 1974, transmitted to the Congress under section 1013 of the Impoundment Control Act of 1974, and subsequently revised in the supplementary message of January 30, 1975, transmitted to the Congress under section 1014(c) of such Act.

The SPEAKER. The gentleman from West Virginia (Mr. SLACK) is recognized for 1 hour.

Mr. SLACK. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, we submit for consideration to the House, House Resolution 309, recommending disapproval of proposed deferral D 75-94, as set forth in the President's special message of November 26, 1974, transmitted to the Congress under section 1013 of the Impoundment Control Act of 1974, and subsequently revised in the supplementary message of January 30, 1975, transmitted to the Congress under section 1014(c) of such act, making funds available to the National Oceanic and Atmospheric Administration in the amount of \$4,073,000 for the following items:

The sum of \$600,000 for the State-Federal fisheries conservation and management grants program. The proposed deferral would have reduced by some 10 percent the commercial fisheries grants and anadromous fisheries grants to the States.

The sum of \$1,034,000 for the sea grant program's marine technology grants. These are the grants to universities, in-

stitutes, and laboratories for the development of applied marine technology. The proposed deferral would have resulted in a 20-percent reduction in funds for this program.

The final item consists of \$2,439,000 for programs of the National Weather Service, which include the following:

The sum of \$800,000 for the procurement of specialized data equipment for weather radars. The deferral of this item would have delayed the program for 1 year.

The sum of \$1,266,000 for initial procurement of prototype systems for automation of field operations. Likewise, a deferral of this item would have delayed this program for 1 year.

The sum of \$100,000 for grants to develop satellite remote sensing technology.

And, finally, \$273,000 to establish a special unit to develop severe storm and tornado forecasting.

Mr. Speaker, we recommend the adoption of House Resolution 309.

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

Mr. SLACK. I yield to the gentleman from Washington.

Mr. PRITCHARD. Mr. Speaker, I want to indicate my support for this bill and especially for the portion disapproving the deferral of \$600,000 which Congress had appropriated for the State-Federal fisheries management grants.

Just last session the House unanimously passed Senate Concurrent Resolution 11 and expressed that it was its policy to strengthen the U.S. fishing industry, that it intended to support the responsibilities of the States for management and conservation of fish, and that it particularly commended the Federal-State fisheries management programs. Since the House spoke so directly and unanimously to these very programs, I suggest that we must either disapprove this deferral or stop passing resolutions of any kind.

Again, just last year Congress amended the Anadromous Fish Conservation Act to authorize an increase in the Federal share of these programs. This deferral also does away with that intention of Congress.

Apart from the direct support Congress has expressed for these programs, there are excellent reasons why they should not be deferred. First, the programs are already under severe strain, because the Federal share has been level funded without any provision for inflation for 3 years. Second, this deferral of funds in the middle of the fiscal year would interfere greatly with State planning and hinder the development of State-Federal cooperation in this area. We are moving ahead with important new fisheries programs such as extended jurisdiction, the national fisheries plan, and expanded management plans. At this critical time, the cooperation of the States is especially necessary.

Third, many States have already provided funds and developed programs with the knowledge that Federal matching funds had been appropriated and with the understanding that they would be available. Deferral at this time would, in

some cases, require the termination of existing projects and waste money already spent. We must remember that the programs deal with a living resource. In some cases on the west coast for example, immature hatchery fish will have to be released if this deferral is not disapproved.

In my view there are many good reasons why this deferral should be disapproved, and I ask you to join in voting for the deferral resolution.

Mr. DUNCAN of Oregon. Mr. Speaker, I want to congratulate the gentleman from West Virginia, the subcommittee chairman, for bringing this resolution before the Congress. The activities of the National Oceanic and Atmospheric Administration are important to every State in the Nation. The weather forecasting techniques and the specialized equipment for gathering weather data will pay for themselves many times over in providing forecasts that are important to the preservation of life and property.

The funds for commercial fisheries, for the anadromous fisheries and for the sea grant colleges are especially important to Oregon where one of those great institutions is located and where a substantial commercial fishing industry is perpetually hard pressed. It is important to Oregon—indeed it is important to the world—that we do all we can to increase the protein supply so much in demand by a hungry world. There is no better source of protein than the noble salmon as everyone who has caught or eaten one well knows.

No money is saved by the attempt of the administration to defer these amounts for expenditure at a later time. Indeed the costs will go up the longer we wait due to the inexorable impact of inflation. The resolution is a good one and should pass.

Mr. AUCOIN. Mr. Speaker, I want to take this opportunity to thank the chairman and the committee and to compliment the chairman for his leadership in bringing to the floor this disapproval of deferral resolution, encompassing as it does principles embodied in the original legislation I introduced on behalf of my constituents in late February. The importance of making these funds available as soon as possible cannot be overemphasized.

Not only would deferral of these funds do great harm to continuing marine resources development at the Federal level, but it would seriously impair the ability of the States, including Oregon, to continue their own programs of marine research and development. The deferral request includes grant-in-aid funds. Oregon has given its full support and commitment to these grant-in-aid programs, and deferral of these funds would be disastrous to my State.

Disapproval of the deferral will allow the continuation of salmon taking and recovery programs and programs to improve hatchery techniques. Also, these funds will be used for studies concerning the development of new and better products from Oregon's food-fish resource and to fund research-management programs on anadromous fish stocks. I believe the cooperation of the States and the Federal Government has proved ex-

tremely beneficial in this area, and I believe it should be continued so that we can develop our ocean resources for maximum benefit while using sound conservation principles.

Disapproval of this deferral will enable the sea grant program to continue its marine research efforts. In Oregon, these funds will be used for continued support of marine and commercial fisheries technology training projects, for studies to determine feeding habits of salmonid fishes, for the evaluation of the potential for a krill fishery off Oregon, and for support of a coastal zone management specialist. In addition, disapproval of this deferral will help both of these programs to keep pace with the high cost-of-living increases which are already forcing cutbacks in program activities.

The impact of this deferral is not only any means limited to Oregon. It would have serious consequences for the entire American marine development effort, and it is for this reason that I support this resolution to disapprove the deferral of funds. Simply stated, Mr. Speaker, the potential of the sea is far too great for us to fail to support vital programs of marine research and development.

Mr. EMERY. Mr. Speaker, I respectfully urge my colleagues to lend their support to House Resolution 309, a combination of House Resolution 240 and 266 which I cosponsored to disapprove certain Presidential budget authorities—D75-94—relating to the Department of Commerce, National Oceanic and Atmospheric Administration.

The President's recommendation to defer expenditures of \$600,000 in Federal grant-in-aid funding for fisheries conservation, research, and management will have disastrous consequences on our State-Federal cooperative programs.

For the State of Maine, these drastic cuts, amounting to \$16,433, will cripple and possibly terminate ongoing fisheries programs and cast many people out of work, while at the same time, other legislation is proposed to create more Federal jobs for the unemployed.

In this period of mounting concern for rational management of our ocean resources, the United States can ill-afford this sudden evisceration of key ongoing research and management programs.

Mr. SLACK. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered. The resolution was agreed to.

#### GENERAL LEAVE

Mr. SLACK. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the resolution just agreed to.

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

There was no objection.

#### THE NATIONAL SCHOOL LUNCH ACT AND CHILD NUTRITION ACT OF 1966 AMENDMENTS OF 1975

Mr. PERKINS. Mr. Speaker, I move that the House resolve itself into the

Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 4222) to amend the National School Lunch and Child Nutrition Acts in order to extend and revise the special food service program for children and the school breakfast program, and for other purposes related to strengthening the school lunch and child nutrition programs.

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

The motion was agreed to.

#### IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 4222, with Mr. PIKE in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday, the Clerk had read through the first section of the committee amendment in the nature of a substitute ending on page 8, at line 22.

Mr. PERKINS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, the lengthy discussion which we had yesterday on the provisions of H.R. 4222, has made it apparent that many Members are in disagreement with certain features of the bill. However, I am confident that all of us agree with the basic purpose of the bill, which is to strengthen the school lunch and child nutrition programs. As was brought out in the debate yesterday, it is clear that the school lunch program needs help in order to survive in this recent period of constantly increasing costs of operation. We must reverse the decline in school lunch participation by making the program more readily available to the middle-class children who are being priced out of the program.

Despite all the discussion on the floor yesterday, it is simply not true that we will be spending large sums of money to finance lunches for the children of millionaires. Fewer than 1 percent of the families in the Nation fall in the income category of \$50,000 and over. Only 6 percent of families are between incomes of \$25,000 and \$50,000.

The substitute amendment will raise the 25-cent maximum payment upward to 35 cents per lunch. The supplemental payment will then be the difference between the January 1, 1975, price and the new maximum of 35 cents. A minimum payment of 10 cents will be retained for any school. Further an escalator will take effect July 1, 1975, to compensate for cost increases since January 1, 1975.

The total effect of these revisions will be to reduce the cost by more than one-half from this provision of the original bill.

Further, concern has been expressed by the members of the House Budget Committee that certain provisions of the bill could be considered as bypassing the appropriations procedure. In view of this concern, the substitute amendment is designed to meet the objections of the members of the Budget Committee. First, we have eliminated the 3-year special authority provided to the Department of Agriculture to purchase section 32 and

section 416 commodities regardless of market prices.

Second, the requirement to purchase cereal products and oils and shortening for the school lunch program is deleted.

Third, the requirement pertaining to the use of section 32 funds to finance on a temporary basis the WIC program has been deleted. Funding for the program would then depend on regular annual appropriations.

Mr. Chairman, let me say to the House and to the Committee that it was argued yesterday that we were going to finance school lunches for millionaires—for wealthy people and, therefore, the 25-cent lunch was a subsidy for the rich.

I personally feel that we should strengthen the program in order to protect the free and reduced-price lunch program. When the program for paying children fails, the record shows that the free and reduced-price lunch program likewise fails.

In any event, we decided that the 25-cent ceiling price on lunch, in view of the feeling of the committee, should be increased to 35 cents, and that is in a substitute that will be offered in a few moments by the gentleman from Michigan (Mr. O'HARA). Let me state that this substitute cuts in half the funds which would have been required for the 25-cent lunch with the escalator. It cuts the cost down to \$439 million.

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

Mr. PERKINS. I yield to the distinguished gentleman from Connecticut (Mr. GIAIMO).

Mr. GIAIMO. Mr. Chairman, I would like to say to the gentleman that I am a little puzzled. As I understand it, this committee has been studying this lunch program for some time, and the gentleman decided as recently as last night to go ahead with a 25-cent maximum lunch for all children, regardless of income. What happened to justify this sudden change to 35 cents overnight? What is the difference so magically arrived at between 35 and 25 cents, irrespective of the fact, as the gentleman just said, that it will cut the cost by several hundred million dollars?

The CHAIRMAN. The time of the gentleman from Kentucky (Mr. PERKINS) has expired.

(On request of Mr. GIAIMO and by unanimous consent, Mr. PERKINS was allowed to proceed for 3 additional minutes.)

Mr. PERKINS. Mr. Chairman, to answer the gentleman's question, we want to be as realistic as this House wants us to be in order to better serve the schoolchildren of this Nation.

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

Mr. PERKINS. Yes, I yield to the distinguished gentleman from Minnesota (Mr. QUIE).

Mr. QUIE. Mr. Chairman, the gentleman said this amendment, now 35 cents, is less than half of what the original bill would have cost. The figure we had on the original bill was \$871 million. The gentleman then is including in this amendment the escalator, which adds, according to the figures the gentleman gave me,

another \$86 million, which raises this to \$957 million.

I asked the Department what the cost of this program would be, as brought up to date, and they have a figure of \$521 million as the cost.

Mr. PERKINS. Let me state to my distinguished colleague, the gentleman from Minnesota, that I think he can figure as well as the Department can. On the basis of 15.3 million paying children, in order to provide lunch the following level of funds at 35 cents—representing 10 cents as a subsidy on a 45-cent average price lunch—15.3 million children at \$15 per year per child, which comes to \$228 million.

There are 2 million new children who will come into this program, and under the 35-cent maximum, at \$15 per year per child, will be another \$30 million. Then the escalator on the new 35-cent provision will be \$80 million. Then the regular section 4 and commodities assistance for additional children for \$66 million. And the escalator which is already in the law on section 4 and commodities assistance for additional children is \$35 million.

Put together, it is a total of \$439 million.

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

(On request of Mr. QUIE, and by unanimous consent, Mr. PERKINS was allowed to proceed for 1 additional minute.)

Mr. QUIE. Mr. Chairman, if the gentleman will yield, going on with the figures the gentleman has related, the one part the gentleman left out was section 4 and section 6 money for the additional lunches. You have the escalator in, but you did not put in the expenditure that presently is there, and this brings it up to the \$521 million.

Mr. PERKINS. Let me say to my distinguished friend, the gentleman from Minnesota, that we did not leave out the escalator on section 4.

Mr. QUIE. I did not say the escalator, I said you left out the basic expenditure that is presently in section 4 and section 6.

Mr. PERKINS. In my judgment the substitute that will be offered by the gentleman from Michigan should be adopted.

The amendment with which Mrs. MINK graciously provided me this morning, contained a feature to provide an additional 15 cents in commodities. If I interpret the Mink amendment correctly, if there ever was backdoor spending under section 32, I think that amendment goes in that direction.

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

(On request of Mr. ASHLEY, and by unanimous consent, Mr. PERKINS was allowed to proceed for 2 additional minutes.)

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

Mr. PERKINS. I yield to the gentleman from Ohio.

Mr. ASHLEY. Mr. Chairman, some moments ago the gentleman in the well was explaining why it was that the children of families in essentially my economic situation should receive a sub-

sidy, the largesse of the taxpayers, for their school lunches. I would be interested if the gentleman from Kentucky would pursue that further. I am wondering why it is that the taxpayers in Toledo who are earning \$7,000 or \$8,000 should be obliged to pay for the lunches of my children.

Mr. PERKINS. Let me say to my distinguished colleague that under the bill—and I do not know of anyone who is offering an amendment to strike it—we increased the reduced price poverty level from \$4,510, 100 percent, which takes it up to \$9,020. Anyone within that income range can obtain a reduced price lunch.

Mr. ASHLEY. Why should a \$7,000 taxpayer in my district be obliged to pay a portion of the cost of the lunches of my children? Why?

Mr. PERKINS. Let me say it is because the school lunch program is a program of nutrition for the welfare of all children.

Mr. ASHLEY. I can take care of the nutrition of my own children without the help from our taxpayers.

Mr. PERKINS. While the gentleman from Ohio may be able to do that, others may not be in that same position.

We have established a school lunch program in this country, and to my way of thinking, we should strengthen the school lunch program for the free and reduced price lunches, which we do in this instance. In the last 6 years the free and reduced price lunches have grown from 1 million to 10 million, and the paying lunch program has declined from 18 million down to 15.3 million.

The CHAIRMAN. The time of the gentleman has expired.

AMENDMENT IN THE NATURE OF A SUBSTITUTE  
OFFERED BY MR. O'HARA

Mr. O'HARA. Mr. Chairman, I offer an amendment in the nature of a substitute.

The Clerk read as follows:

Amendment in the nature of a substitute offered by Mr. O'Hara: In lieu of the matter proposed to be inserted by the Committee to the text of the bill, H.R. 4222, insert the following:

That this Act may be cited as "The National School Lunch Act and Child Nutrition Act of 1966 Amendments of 1975".

SCHOOL BREAKFAST PROGRAM

SEC. 2. Section 4(a) of the Child Nutrition Act of 1966 is amended by inserting immediately after "and June 30, 1975," the following: "and subsequent fiscal years".

Mr. O'HARA (during the reading). Mr. Chairman, I ask unanimous consent that further reading of the amendment be dispensed with and that it be printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

Mr. QUIE. Reserving the right to object, Mr. Chairman, I would say to the gentleman I have no objection to considering the portion as read where the gentleman makes no change. What I would like to have read is the portion where the gentleman does make a change. He makes a change in section 4, and he makes changes also in back-door spending.

Mr. O'HARA. Mr. Chairman, I am pre-

pared to explain and point out all of the changes I do make if the gentleman will yield to me under his reservation of objection.

Mr. QUIE. I would yield for that purpose, if the gentleman would explain to us what changes he makes.

Mr. O'HARA. Mr. Chairman, we begin by amending the provision that provides for a 25-cent cap.

Mr. QUIE. That is section 4 of the bill, correct?

Mr. O'HARA. That is section 4 of the bill. That provides for a 25-cent cap for the price of a lunch, and my amendment makes that a 35-cent cap on the price of a lunch.

Mr. QUIE. Would the gentleman say that the only change in section 4 is that the number 25 is changed to 35?

Mr. O'HARA. There is one other change. The gentleman from Minnesota will recall that in the committee yesterday we agreed to a committee amendment which provided for an escalator in the amount of payment under section 4 every 6 months based on the consumer price index cost of food consumed outside the home, and that provision would be inserted as subsection (c) of section 4.

Then the next change is over in section 7 of the act, under which we substitute the Meeds language for that which was offered by the gentleman from Minnesota in the Committee on Education and Labor. That is directed at the same problem, that is, plate waste in the school lunch program, and we substitute the Meeds amendment for the amendment offered by the gentleman from Minnesota as discussed in general debate yesterday, because we think it refines the application of the amendment originally offered by the gentleman from Minnesota and improves it.

Mr. QUIE. The gentleman has a new section 7(a)?

Mr. O'HARA. That is correct.

Mr. QUIE. And the remainder of section 7 is the same?

Mr. O'HARA. That is correct.

Mr. QUIE. All right.

Mr. O'HARA. On page 14 of the substitute, is one of the back-door spending provisions that we strike out. We strike out section 13(a) completely. That goes down through page 15, line 7 of the amendment in the nature of a substitute.

Mr. QUIE. In the bill we are talking about page 20 beginning on line 19?

Mr. O'HARA. That is correct. That is the provision that requires the purchase of cereal and shortening and oil products in the amounts provided in the fiscal year 1974. That is one of the back-door spending provisions to which objection was made during consideration of the rule and which is stricken by the amendment in the nature of a substitute.

Mr. QUIE. So the total of section 13 is stricken.

Mr. O'HARA. Only 13(a). Section 13(b) beginning on line 8, page 21 of the bill, which is page 15 of the amendment in the nature of a substitute, remains in.

Mr. QUIE. All right.

Mr. O'HARA. Then on page 16 of the amendment in the nature of a substitute, page 22 of the bill, beginning on line 12, the language that provided for a manda-

tory use of section 32 funds for the WIC program in the event that an appropriation was not forthcoming is stricken.

Mr. QUIE. Then the gentleman puts a period in place of a comma on page 22, line 12, after the word "year."

Mr. O'HARA. That is correct.

Mr. QUIE. And strike down through line 13.

Mr. O'HARA. That is correct. Then on through on line 2 on page 23.

Mr. QUIE. The gentleman is talking about page 23 of the bill?

Mr. O'HARA. Yes. Start with line 12, page 22 of the bill, after the words "fiscal year" and strike all that follows on that page through the period on line 2 of page 23.

Mr. QUIE. All right.

Mr. O'HARA. And then on page 25 of the substitute, which is page 34 of the bill, an amendment which corrects a technical oversight and inserts the words "American Samoa" after the words "Virgin Islands" on line 13.

Mr. QUIE. Page 31 of the bill?

Mr. O'HARA. That is correct. Page 31 of the bill.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

Mr. QUIE. Mr. Chairman, further reserving the right to object, was there not a back-door spending provision in the WIC program?

Mr. O'HARA. That is the one I read to the gentleman, which begins on page 16 of my amendment in the nature of a substitute, which is page 22 of the bill, beginning after the words "fiscal year" on line 12 and continues on down through and including line 2 on page 23.

Mr. QUIE. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

Mr. BAUMAN. Mr. Chairman, reserving the right to object. For all intents and purposes it now appears that the original committee substitute, made in order by the rule, is to be junked and instead we are being asked to consider this new substitute which the gentleman from Michigan has just now offered. The original rule on this bill provided that the committee substitute be read for purposes of amendment, as is usual. If the gentleman now obtains unanimous consent to consider his substitute as read and open to amendment, all sorts of confusion can result. No one will have any control over what amendments will be presented and in what order and debate may be cut off.

I do not wish to prolong the agony which has kept the chairman of the Education Committee up until 5:30 in the morning calling secret meetings, but I must object and I do so.

Mr. O'HARA. Mr. Chairman, if the gentleman will withhold a moment before he does so, I have made no such request. The only request I have made is that the reading of part of that amendment in the nature of a substitute be dispensed with and that the amendment in the nature of a substitute be printed in the Record at this point.

It does not affect in any way the ability

to offer amendments to the rest of the bill. It does not affect the ability to offer amendments to the amendment in the nature of a substitute. Whether or not my request is agreed to, the entire amendment in the nature of a substitute will be open to amendment at once, all at the same time.

All my request does, the only change it makes, it avoids taking the 15 minutes to read the amendment.

Mr. BAUMAN. I am aware that that is what the gentleman is asking and I am aware if a substitute is adopted it will probably be the one the gentleman offers. I would not object to reading it section by section so that amendments can be offered in an orderly manner.

Mr. O'HARA. Mr. Chairman, will the gentleman yield?

Mr. BAUMAN. I yield to the gentleman.

Mr. O'HARA. Mr. Chairman, while it is being read in the Record it will not be open to amendment section by section. It would be open to amendment when the entire amendment is read.

Mr. BAUMAN. That is precisely what we object to.

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

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

Mr. QUIE. Mr. Chairman, this is significant to what the gentleman is talking about. If the substitute is read, it is my understanding of the rules of the House that we cannot stop at the end of each section for amendments, but the entire substitute has to be read before it would be open for amendments.

May I inquire of the Chairman, is that right?

The CHAIRMAN. The gentleman is correct.

Mr. QUIE. The opportunity, it seems to me, if we want to correct both the bill and the substitute at the same time, we would be foreclosed from doing that, because the bill has not been read.

I do not know how the gentleman from Maryland feels about it, but I think for purposes of the House, so that both could be perfected, we have unanimous consent also requested that the entire bill be read and open for amendment at any place and that would give us the opportunity to repair each one, if the gentleman wanted to do that.

Mr. O'HARA. Mr. Chairman, will the gentleman yield?

Mr. BAUMAN. I yield to the gentleman from Michigan.

Mr. O'HARA. The gentleman from Michigan could offer an amendment to the substitute. I do not intend to make such a request to amend the bill all at the same time. If the gentleman from Minnesota makes the request that after it is read it be considered section by section, I will object.

Mr. BAUMAN. Mr. Chairman, reserving the right to object, I wonder if the gentleman from Michigan would make a unanimous-consent request that his amendment be read section by section. This would accomplish the purpose we are after.

The CHAIRMAN. The Chair will state that the Chair would not entertain a

request of that nature. The amendment must be read in its entirety under the rules of the House, if the gentleman from Maryland insists upon his objection. The Chair would encourage that amendments be made to each section once it has been read, but it cannot be open for amendment prior to the reading.

#### PARLIAMENTARY INQUIRY

Mr. BAUMAN. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. BAUMAN. By unanimous consent is it not possible to read the gentleman's substitute section by section?

The CHAIRMAN. The amendment does have to be read in its entirety, unless unanimous consent is obtained not to read it all. That is the request of the gentleman from Michigan.

Is there objection to the request of the gentleman from Michigan?

Mr. BAUMAN. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

#### PARLIAMENTARY INQUIRY

Mr. JOHN L. BURTON. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. JOHN L. BURTON. Would it not be in order for a unanimous-consent request to consider the substitute read and then to ask unanimous consent that the substitute be read section by section for amendment, considered section by section?

The CHAIRMAN. The first request would be in order, but the second request could best be accomplished if Members cooperated in offering amendments in an orderly fashion.

#### PARLIAMENTARY INQUIRY

Mr. GIAIMO. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. GIAIMO. As the Clerk reads each section, at that time would it be in order to ask unanimous consent that that section be considered as read and open to amendment?

The CHAIRMAN. The entire amendment must be read before any amendment would be in order.

The Clerk read as follows:

Sec. 3. Section 4 of the Child Nutrition Act of 1966 is amended by adding at the end thereof the following new subsection:

"(g) 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 in furtherance of this policy. Within ninety 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."

**SUPPLEMENTAL FOOD ASSISTANCE PAYMENTS**

Sec. 4. (a) Section 4 of the National School Lunch Act is amended by inserting "(a)" immediately before the first sentence and by adding at the end thereof the following new subsection:

(b)(1) In addition to the food assistance payments under subsection (a) to a State educational agency for any fiscal year, the Secretary shall make supplemental food assistance payments for that year to any State educational agency in a total amount equal to the sum of the results obtained by multiplying (A) the number of lunches, other than free lunches and reduced-price lunches (consisting of a combination of foods which meet the minimum nutritional requirements prescribed by the Secretary under section 9 (a)), served during such fiscal year to children in each school in such State which participates in the school lunch program under this Act under agreements with such State educational agency in accordance with section 8, by (B) payment per lunch for that school determined by the Secretary, in accordance with the first and second sentences of paragraph (3), whichever is appropriate.

Mr. GIAIMO (during the reading). Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. Evidently a quorum is not present.

The Chair announces that he will vacate proceedings under the call when a quorum of the committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

#### QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to the provisions of rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

The Clerk will read.

The Clerk continued to read as follows:

(2) Supplemental payments to any State educational agency under this subsection shall not be subject to the matching requirements contained in the third sentence of section 7 and in the second sentence of section 10.

(3) In the case of any school which was participating in the school lunch program under this Act as of January 1, 1975, the payment per lunch for a school determined by the Secretary for purposes of making supplemental payments to a State educational agency for any fiscal year in accordance with paragraph (1) shall be an amount equal to (A) the difference between (I) the price, in effect on January 1, 1975, for a lunch (other than a free lunch or a reduced-price lunch) served to a child in that school and (II) 35 cents, or (B) 10 cents, whichever is the greater. In the case of any school which was not participating in the school lunch program under this Act as of January 1, 1975, the payment per lunch for a school determined by the Secretary for purposes of making supplemental payments to a State educational agency for any fiscal year in accordance with paragraph (1) shall be equal to (A) the difference between (I) the average price, in effect on January 1, 1975, for a lunch (other than a free lunch or a reduced-price lunch) served to a child in all schools in that State which participate in the school lunch program under this Act under an agreement with such agency in accordance with section 8 and (II) 35 cents, or (B) 10 cents, whichever is the greater.

(b) Section 8 of the National School Lunch Act is amended by inserting immediately before the period at the end of the first sentence the following: ", except that a school in the State shall be eligible to participate in the school lunch program during that fiscal year only if no child in that

school is required to pay a price in excess of 35 cents for a lunch served in that school during that fiscal year".

(c) Section 11(a) of the National School Lunch Act is amended by adding at the end thereof the following new sentence: "The Secretary shall prescribe on July 1 of each fiscal year, and on January 1 of each fiscal year, a semiannual adjustment in the payment per lunch served for each school determined by the Secretary under section 4(b) of the National School Lunch Act. The amount of the adjustment under the preceding sentence shall be equal, for each school for which a payment per lunch is determined under such section 4(b), to the cash amount of the adjustment in the special-assistance factor for free lunches prescribed by the Secretary for such date under the third sentence of this subsection, and the first such adjustment shall be prescribed on July 1, 1975."

(d) The amendments made by this section shall take effect on July 1, 1975.

#### DIRECT FEDERAL EXPENDITURES

Sec. 5. Section 6(b) of the National School Lunch Act is amended—

(a) by striking out "the nonprofit private" the first time such term occurs in the proviso of the third sentence and inserting in lieu thereof "any of the",

(b) by striking out "nonprofit private" the second time such term occurs in such proviso and inserting in lieu thereof "such", and

(c) by striking out "nonprofit private" where such term occurs in the fourth sentence.

#### MATCHING

Sec. 6. 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 AND MODIFICATION OF PROGRAM REQUIREMENTS

Sec. 7. (a) Subsection (a) of section 9 of the National School Lunch Act is amended by adding at the end thereof the following new sentences: "The Secretary shall establish, in cooperation with State educational agencies, administrative procedures, which shall include local educational agency and student participation, designed to diminish waste of foods which are served by schools participating in the school lunch program under this Act without endangering the nutritional integrity of the lunches served by such schools. Students in senior high schools which participate in the school lunch program under this Act shall not be required to accept offered foods which they do not intend to consume, and any such failure to accept offered foods shall not affect the amount of payments under this Act to any such school."

(b) Section 9(b) of the National School Lunch Act is amended by striking out "75 per centum" in the last sentence of such subsection and inserting in lieu thereof "100 per centum".

(c) The last sentence of section 9(c) of the National School Lunch Act is amended by striking out "nonprofit private schools" and inserting in lieu thereof "schools (as defined in section 12(d)(6)) which are private and nonprofit (as defined in the last sentence of section 12(d)(6))".

(d)(1) Section 9(b) of the National School Lunch Act is further amended by

inserting "(1)" immediately before the first sentence thereof, and by adding at the end thereof the following new paragraph:

(2) Any child who has a parent or guardian who (A) is responsible for the principal support of such child and (B) is unemployed shall be served a free lunch during any period in which such child's parent or guardian continues to be unemployed. Local school authorities shall publicly announce that such children are eligible for a free lunch, and shall make determinations with respect to the status of any parent or guardian of any child under clauses (A) and (B) of the preceding sentence solely on the basis of a statement executed in such form as the Secretary may prescribe by such parent or guardian. No physical segregation of, or other discrimination against, any child eligible for a free lunch under this paragraph shall be made by the school nor shall there be any overt identification of any such child by special tokens or tickets, announced or published lists of names, or by any other means."

(2) The amendment made by this subsection shall take effect during the period which begins on the date of the enactment of this Act and ends one year thereafter.

#### NONPROFIT PRIVATE SCHOOLS

Sec. 8. Section 10 of the National School Lunch Act is amended to read as follows: "DISBURSEMENTS TO SCHOOLS BY THE SECRETARY

"SEC. 10. If, in any State, the State educational agency is not permitted by law to disburse the funds paid to it under this Act to any of the schools in the State, or is not permitted by law to match Federal funds made available for use by such schools, the Secretary shall disburse the funds directly to such 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 such 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."

#### MISCELLANEOUS PROVISIONS AND DEFINITIONS

Sec. 9. (a) Section 12(d) of the National School Lunch Act is amended by striking out paragraph (3) and by redesignating paragraphs (4) through (7) as paragraphs (3) through (6), respectively.

(b) Section 12(d)(1) of the National School Lunch Act is amended by striking out "or American Samoa" and inserting in lieu thereof "American Samoa, or the Trust Territory of the Pacific Islands".

(c) Section 12(d)(6) of the National School Lunch Act (as redesignated by subsection (a)) is amended to read as follows:

"(6) 'School' means (A) any public or nonprofit private school of high school grade or under, (B) any public or licensed nonprofit private residential child care 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), and, (C) with respect to the Commonwealth of Puerto Rico, nonprofit child care centers certified as such by the Governor of Puerto Rico. For purposes of clauses (A) and (B) of this paragraph, the term 'nonprofit', when applied to any such private school or institution, means any such school or institution which is exempt from tax under section 501(c)(3) of the Internal Revenue Code of 1954."

## SPECIAL FOOD SERVICE PROGRAM FOR CHILDREN

SEC. 10. (a) Section 13(a) of the National School Lunch Act is amended to read as follows:

"(a)(1) There is hereby authorized to be appropriated such sums as are necessary for the fiscal year ending June 30, 1976, 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 nonresidential public or private, nonprofit institutions and residential public or private nonprofit summer camps that develop special summer programs providing food service similar to that available to children under the school lunch program under this Act or the school breakfast program under the Child Nutrition Act of 1966 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 service institution shall receive the summer food program upon its request.

"(2) Service institutions eligible to participate under the program authorized under this section shall be limited to those which conduct a regularly scheduled program for children from areas in which poor economic conditions exist and from areas in which there are high concentrations of working mothers, for any period during the months of May through September at site locations where organized recreation activities or food services are provided for children in attendance."

(b) Section 13(c)(1) of the National School Lunch Act is amended by striking out the last sentence thereof.

(c) Section 13(c)(2) of the National School Lunch Act is amended to read as follows:

"(2) The Secretary shall provide financial assistance to a service institution in an amount equal to whichever is the lesser of the following per centums of the operating costs (which shall be determined by including the fair evaluation of in-kind contributions, and the cost of obtaining, preparing, and serving food) of such institution's food service:

"(A) 80 per centum of the operating costs of such institution's food service, or

"(B) 100 per centum of such institution's cash expenditure for the operating costs of its food service,

except that such financial assistance to any such institution shall not exceed 80 cents for each lunch or supper served, 45 cents for each breakfast served, and 20 cents for each supplement served, and except that such maximum rates shall be adjusted each March 1 to the nearest  $\frac{1}{4}$  cent in accordance with changes for the twelve-month period ending on the preceding 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 for food away from home during the period January 31, 1975, to January 31, 1976."

(d) Section 13(i) of the National School Lunch Act is amended to read as follows:

"(1) 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."

## TECHNICAL AMENDMENT

SEC. 11. Section 15 of the National School Lunch Act is amended by striking out the following:

"SEC. 15. (a) In addition to funds appropriated or otherwise available, the Secretary is authorized to use, during the fiscal year ending June 30, 1971, not to exceed \$35,000,000 in funds from section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), to carry out the provisions of this Act, and during the fiscal year ending June 30, 1972, not to exceed \$100,000,000 in funds from such section 32 to carry out the provisions of this Act relating to the service of free and reduced-price meals to needy children in schools and service institutions.

"(b) Any funds unexpended under this section at the end of the fiscal year ending June 30, 1971, or at the end of the fiscal year ending June 30, 1972, shall remain available to the Secretary in accordance with the last sentence of section 3 of this Act, as amended."

## CONFORMING AMENDMENTS

SEC. 12. (a) Section 4(f) of the Child Nutrition Act of 1966 is amended by striking out "nonprofit private schools" in the second sentence and inserting in lieu thereof "schools (as defined in section 15(c)) which are private and nonprofit (as defined in the last sentence of section 15(c))".

(b) Section 15 of the Child Nutrition Act of 1966 is amended by striking out paragraph (c), by redesignating paragraphs (d) and (e) as (c) and (d), respectively, and by amending paragraph (c) (as redesignated by this subsection) to read as follows:

"(c) 'School' means (A) any public or nonprofit private school of high school grade or under, including kindergarten and preschool programs operated by such school, (B) any public or licensed nonprofit private residential child care institutions (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), and (C) with respect to the Commonwealth of Puerto Rico, nonprofit child care centers certified as such by the Governor of Puerto Rico. For purposes of clauses (A) and (B) of this paragraph, the term 'nonprofit', when applied to any such private school or institution, means any such school or institution which is exempt from tax under section 501(c)(3) of the Internal Revenue Code of 1954."

## COMMODITY DISTRIBUTION PROGRAM

SEC. 13. Section 6(a) of the National School Lunch Act is amended by inserting immediately after the first sentence thereof the following: "In making purchases of such agricultural commodities and other foods, the Secretary shall not issue specifications which restrict participation of local producers unless such specifications will result in significant advantages to the national school lunch program."

## DIRECT FEDERAL EXPENDITURES

SEC. 14. Section 6(e) of the National School Lunch Act is amended by adding at the end thereof the following: "Provided, That not less than 75 per centum of the assistance provided under this section shall be in the form of foods purchased by the Department of Agriculture for the school lunch program."

## SPECIAL SUPPLEMENTAL FOOD PROGRAM

SEC. 15. (a)(1) The first sentence of subsection (a) of section 17 of the Child Nutrition Act of 1966 is amended by striking out "and June 30, 1975," and inserting in lieu thereof "June 30, 1975, June 30, 1976, September 30, 1977, and September 30, 1978".

(2) The last sentence of subsection (a) of section 17 of the Child Nutrition Act of 1966 is amended by striking out "shall be operated for a three-year period and".

(b) Subsection (b) of section 17 of the

Child Nutrition Act of 1966 is amended to read as follows:

"(b) In order to carry out the program provided for under subsection (a) of this section during each of the fiscal years ending June 30, 1976, September 30, 1977, and September 30, 1978, there is authorized to be appropriated the sum of \$250,000,000 for each such fiscal year."

(c) The amendment made by subsection (b) shall be effective after June 30, 1975.

(d) Section 17(c) of the Child Nutrition Act of 1966 is amended by striking out "10" and inserting in lieu thereof "15".

## CHILD CARE FOOD PROGRAM

SEC. 16. The National School Lunch Act is amended by adding at the end thereof the following new section:

## CHILD CARE FOOD PROGRAM

"SEC. 16. (a)(1) There is hereby authorized to be appropriated such sums as are necessary in any fiscal year to enable the Secretary to formulate and carry out a program to assist States through grants-in-aid and other means to initiated, maintain, or expand nonprofit food service programs for children in institutions providing child care. Any funds appropriated to carry out the provisions of this section shall remain available until expended.

"(2) For purposes of this section, the term 'institution' means any public or private nonprofit organization where children are not maintained in permanent residence including, but not limited to, day care centers, settlement houses, recreation centers, family day care programs, Head Start centers, Homestart programs, 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. An institution may be approved for finding under this section: *Provided*, That, under conditions established by the responsible State or local government unit, such institution is moving toward compliance with the requirements for tax exempt status under section 501(e)(3) of the Internal Revenue Code of 1954, or is current operating a federally funded program requiring nonprofit status. For purposes of 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 child care food program upon its request.

"(b)(1) For each fiscal year beginning with the fiscal year ending June 30, 1976, the Secretary shall make child care food payments no less frequently than on a monthly basis to each State educational agency in an amount no less than the sum of the products obtained by multiplying (A) the number of breakfasts served in child care food programs within that State by the national average payment rate for breakfasts under section 4 of the Child Nutrition Act of 1966, (B) the number of breakfasts served in child care food 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 free breakfasts under section 4 of the Child Nutrition Act of 1966, (C) the number of breakfasts served in child care food 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 free breakfasts under section 4 of the Child Nutrition Act of 1966, (D) the number of lunches and suppers served in child care food 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 child care food 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 child care food 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 child care food programs in that State by 5 cents, (H) the number of snacks served in child care food programs in that State to children from families whose incomes meet the eligibility criteria for free school meals by 15 cents, and (I) the number of snacks served in child care food programs in that State to children from families whose incomes meet the eligibility criteria for reduced price school meals by 10 cents. The rates established pursuant to clauses (G), (H), and (I) shall be adjusted semi-annually to the nearest \$0.0025 by the Secretary to reflect the changes in the series of food away from home of the Consumer Price Index published by the Department of Labor Statistics of the Department of Labor. 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 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 child care food 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 subsection (J)) and the respective rates for such meals specified in paragraph (1) of this subsection.

"(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 paragraphs (1) and (2) of this subsection, which payment shall be no less than the total payment made to such State for meals served pursuant to paragraphs (1) and (2) of this subsection, for the most recent month in which final reimbursement claims have been settled. The Secretary shall forward any remaining payment due pursuant to paragraphs (1) and (2) of this subsection no later than thirty days following receipt of valid claims, except that any funds advanced to a State for which valid claims have not been established within ninety 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 nondiscriminatory 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 thirty 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 child care food program in accordance with the needs as determined by authorities of the 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 6(e) of this 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.

"(1) 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.

"(j) (1) Of the sums appropriated for any fiscal year pursuant to the authorization contained in this section and section 13 of this Act, \$3,000,000 shall be available to the Secretary for the purpose of providing, during each such fiscal year, nonfood assistance for the child care food program, and the summer food program. The Secretary shall apportion among the States during each fiscal year the aforesaid sum of \$3,000,000: *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 125 per centum of the applicable family size income level set forth in the income poverty guideline pre-

scribed by the Secretary under section 9(b) of this 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."

AMENDMENTS PERTAINING TO THE COMMONWEALTH OF PUERTO RICO, THE VIRGIN ISLANDS, AMERICAN SAMOA, AND THE TRUST TERRITORY OF THE PACIFIC ISLANDS

SEC. 17. (a) The second sentence of section 3 of the Child Nutrition Act of 1966 is amended by inserting "the Commonwealth of Puerto Rico, the Virgin Islands, American Samoa, the Trust Territory of the Pacific Islands," immediately after "Guam".

(b) Section 4(b)(1) of the Child Nutrition Act of 1966 is amended by striking out "and American Samoa," in both places where such term occurs and inserting in lieu thereof "American Samoa, and the Trust Territory of the Pacific Islands".

(c) Section 15(a) of the Child Nutrition Act of 1966 is amended by striking out "or American Samoa" and inserting in lieu thereof "American Samoa, or the Trust Territory of the Pacific Islands".

Mr. BAUMAN (during the reading). Mr. Chairman, I ask unanimous consent that the amendment in the nature of a substitute be considered as read, and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr. O'HARA. Mr. Chairman, this amendment is an amendment in the nature of a substitute that was discussed this morning by the majority members of the Subcommittee on Education and Labor that handled this bill. Members of the House were notified of our intention to offer the amendment by a letter, which was distributed to their offices today over the signature of the chairman of the Committee on Education and Labor, the gentleman from Kentucky, Mr. PERKINS; the gentleman from Washington, Mr. MEEDS; the gentleman from Illinois, Mr. SIMON; the gentleman from Ohio, Mr. MOTTL; the gentleman from Oklahoma, Mr. RISENHOVER; the gentleman from California, Mr. GEORGE MILLER; the gentleman from Illinois, Mr. HALL; and myself.

Mr. Chairman, the purpose of this amendment is to try to meet the objections that were made by a number of the Members of the House to the provisions of the bill. We who have been working with the School Lunch Act over the years feel very strongly that this program ought to be continued as a noncontroversial program and should receive broad bipartisan support.

We do not expect 100-percent support, Mr. Chairman, but we do hope and expect to receive broad support for this on both sides of the aisle.

That is the reason for our substitute amendment.

Mr. MILLER of California. Mr. Chairman, will the gentleman yield?

Mr. O'HARA. I yield to the gentleman from California.

Mr. MILLER of California. Mr. Chairman, is it my understanding that the gentleman read my name as one of the signatories on the letter that was sent?

Mr. O'HARA. I did.

Mr. MILLER of California. Mr. Chairman, that was done by mistake. I communicated with members of the committee that I did not want my name to appear on that letter. However, due to a clerical mixup it did appear in fact on the letter.

Mr. O'HARA. Mr. Chairman, I apologize to the gentleman. I was not aware of that.

Mr. Chairman, we make two major changes by this amendment in the nature of a substitute.

As the Members will recall, the committee bill provided for a 25-cent cap on the cost to a child of a school lunch.

The cost to a child has escalated greatly over the last few years. As a result, many children of working-class families have encountered increasing difficulty in raising the money to buy their lunches. More and more kids are dropping out of the program, participation is falling, and a serious problem has arisen.

So the committee proposed that in no school in the country could a child be charged more than 25 cents a lunch. We proposed to pick up the difference between the cost to a child of a lunch on January 1 of this year and 25 cents by an additional Federal subsidy to the school lunch program.

We already subsidize every lunch served. The question is to what extent should we subsidize it? We proposed an increase in the subsidy so that the cost to a child could be limited to 25 cents.

We have now changed this, Mr. Chairman, in this amendment in the nature of a substitute, so that the cost to each child would be not to exceed 35 cents per lunch, rather than 25 cents per lunch.

By doing that, Mr. Chairman, the cost of the bill is reduced by \$498 million.

Second, we eliminate all new backdoor spending authorized by this bill. We did so following the objections made by many Members to the procedure we followed in getting a special rule to permit the point of order under section 401 of the Budget Act to be waived.

The CHAIRMAN. The time of the gentleman from Michigan (Mr. O'HARA) has expired.

(By unanimous consent, Mr. O'HARA was allowed to proceed for 5 additional minutes.)

Mr. O'HARA. Mr. Chairman, we believe that we ought to abide by the spirit as well as the letter of the new budget Control Act. As a member of the Budget Committee of the House, I have severe reservations about the efficacy of the entire procedure, including section 401, but nevertheless since we voted that program by an overwhelming margin, we have an obligation to try to abide by its provisions, at least until they have been demonstrated to be imperfect and are changed.

So, Mr. Chairman, those are the essen-

tial changes contained in the amendment I have offered.

In addition, we incorporate the committee amendment that had been first offered by the gentleman from Washington (Mr. MEEDS) which deals with plate waste in the school lunch program. I think we get at the problem of waste a little bit better in my substitute.

Mr. Chairman, some have asked, "Why are we subsidizing the cost of a lunch to people who can afford to pay?"

One has to understand a little of the history of the program to answer that question. The program authorized in 1946 provided for a Federal contribution to the cost of a lunch for every single child. There was no distinction made between children. The cost of every lunch was subsidized to the same extent.

Then in 1962 for the first time we introduced into the school lunch program a system of legislative procedures whereby children from low-income families would be permitted to purchase lunches at a reduced price or to receive a free lunch.

That 1962 amendment inserting section 11 of the School Lunch Act was a provision of a bill of which I was the original sponsor. My bill accomplished that result but it did so imperfectly because it took us some years to finally get the program off the ground. Nevertheless, it was my bill that inserted that principle into the act. I believe strongly in that principle, but at that time we did not abandon the idea of making a reasonably priced lunch available to every child. That was, always has been, and continues to be the principal purpose of the School Lunch Act.

We recognized that because of the escalation in cost of the lunches, there would be a dropoff of participation arising from the increasing difficulty of working-class children in buying the lunches, so that we have to make further provision to keep the cost of the lunch within reach of the average child.

That, of course, is the purpose of this amendment. We are not worried that a tiny minority of youngsters from high-income families will get a lunch for 35 cents instead of 45 cents or 55 cents. We think that this amendment will help the typical, average kid, and we think that that is an appropriate use of our legislative authority and power.

Mr. Chairman, I would hope very much that the amendment will be agreed to, and if it is we can pass this bill by the customary overwhelming majority.

Mr. QUIE. Mr. Chairman, I move to strike the last word.

Mr. Chairman, there are parts of the substitute that I think are good, such as knocking out the backdoor spending, and I agree with inclusion of the Meeds amendment. I find that acceptable. When we come to the 35 cents, which is now at 25 cents, and the substitute will make it 25 cents plus an escalator, the principle is still wrong, the Federal Government mandating the price of a school lunch. What we are doing is rewarding inefficiency. Anybody who ran their cost up and was charging greater, we reward that.

We also had a maintenance of effort in

other laws, but there is no maintenance of effort here. There is going to be a 10-cent payment no matter what the school is charging now.

As has been mentioned, in the State of Hawaii there is one school district where the charge to the students is now 25 cents. Hawaii has been paying the costs over the students 25 cents and the Federal subsidy themselves. We give them the 10 cents.

The whole principle, no matter how one cuts it, is wrong. The average price paid by students today is 45 cents. We could have put a stopper in by making it up to 45 cents, and perhaps it would not cost very much for the Federal Government, but it is still wrong.

As to the cost of the program, as I indicated, I got those figures from the Department of Agriculture, the only ones who are able to make those kinds of estimates, and the figure is \$521 million.

Mr. Chairman, \$521 million extra would have practically paid for the total authorization for aid for the handicapped this year. I ask the Members, what are our priorities in education, helping the handicapped, which I think is much more worthwhile, or paying an additional subsidy for those who can afford to pay for their own lunches?

Mind you, it is an additional subsidy because the figures that I have gotten from the Department of Agriculture indicate that when one adds together, section 4 and section 6 and the mandated State money, it amounts to a 27-cent subsidy per meal.

There is an escalator in there so that as the cost of living goes up the Federal Government payments in subsidy keep going up each year, and therefore is taking care of the middle-income and the upper-income individuals.

There seems to be some concern to the fact that participation figures of those who have paid for their own lunches has gone down, which is in contrast to figures for participation in the free and reduced priced lunches, as shown on page 10 of the report. The report also shows that each year there is an increase in total participation. There must be an assumption by the majority that in providing free and reduced-cost lunches we are providing lunches for people who did not receive them before. What we have done is liberalize the qualification standards for free and reduced-cost lunches, which brings people who were paying for their lunches in the full amount into the free or reduced-cost lunches. I think that is good, myself, but what it does is reduce the number of those who pay for their lunches. There is no other way you can come out, and that is the way it operates.

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

Mr. QUIE. I yield to the gentleman from Kentucky.

Mr. PERKINS. Mr. Chairman, I am sure that the gentleman from Minnesota wishes to be correct in his statements, and the gentleman stated that in connection with the lunch program there is only a 10-cent subsidy.

Mr. QUIE. And 11.75.

Mr. PERKINS. And likewise 11.75.

cents. So that that is 21.75 for those participating today.

Mr. QUIE. Then there is the State mandated participation.

Mr. PERKINS. But the participation from the Federal level is only about 20 percent now and it was 31 percent when the program started.

Mr. QUIE. You no doubt are talking about percentages in the table on page 3 of the report, showing where the Federal share for paying children was 31 percent in 1947, but as of 1974, it was 21 percent.

Mr. PERKINS. The Federal payment today is much lower for the regular lunch program than it was 20 years ago.

Mr. QUIE. As the percentage, not as low in payments but in percentage. That payments have increased from 12.9 cents in 1969 to 21.75 cents in 1975.

Mr. PERKINS. That is correct.

Mr. QUIE. So that really does not make a great deal of difference. In the system today there is about a 27-cent subsidy per meal when one adds the State mandated payment. Why in the world should we have to have any more?

The Federal share of the total amount of school lunch funds is going up. When you look at 1969, the Federal share of the total lunches cost was 23.9 percent, and now in 1974 the Federal share went to 43 percent. So that the Federal share of the total lunch program has come up enormously. And the reason for that is that we continue to increase the money and to increase the number of children who can qualify for free and reduced-cost lunches.

Mr. PERKINS. Let me just say this—

Mr. QUIE. I have control of the time, and I wish to continue.

The reason we are providing for an increase for the free and reduced-cost lunches is because there is a need for it, and because that is the right thing to do.

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

(By unanimous consent, Mr. QUIE was allowed to proceed for 1 additional minute.)

Mr. QUIE. The goal of the school lunch people is to have free lunches for everyone. That is what the whole effort is about, to get free lunches for everybody.

Mr. PERKINS. Will the gentleman yield?

Mr. QUIE. I yield to the gentleman from Kentucky.

Mr. PERKINS. The gentleman from Minnesota mentioned the fact that the reason we were increasing the amount for the free and reduced-cost lunches was because they had gotten off the regular priced luncheon program. Naturally, we are making a greater effort for the free and the reduced-cost lunches, and have concentrated in the last 7 years on the free and reduced-cost lunches, because that lunch program has grown from 2 million to 10 million in the last 7 years, for the free and reduced-cost, but at the same time the regular lunch program has lost more than 3 million pupils from the lunchroom. That is because of the Federal participation for the regular lunch program has gone down while we have in-

creased the program for the free and reduced-cost lunches.

And I am delighted that we have, because we have concentrated on the free and reduced-cost lunches, but now we want to strengthen the overall lunch program, and the free and reduced-cost lunches, and to do that we must strengthen the regular lunch program to keep the free and reduced-cost prices in adjustment.

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

(By unanimous consent, Mr. QUIE was allowed to proceed for 1 additional minute.)

Mr. QUIE. I would say to the gentleman, using his figures, that free and reduced lunches have increased in the last 7 years from 2 million up to 10 million. That is an increase of 8 million individuals. The paid lunches have dropped by 3 million. What else can we expect when we have permitted individuals who once were paying for lunches to qualify for free and reduced cost. We are bound to have an increase in free and reduced cost and a reduction in paid lunches. I will say to the gentleman, no matter what we do now that we have liberalized the qualifications for reduced-cost lunches in this bill from 75 percent of low income to 100 percent of low income, there will be a further increase in the reduced cost for lunches and a further reduction in the paid lunches, because those individuals who pay for their lunches will now receive a reduced-cost lunch.

The CHAIRMAN. The time of the gentleman has expired.

AMENDMENT OFFERED BY MRS. MINK TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. O'HARA

Mrs. MINK. Mr. Chairman, I offer an amendment to the amendment in the nature of a substitute.

The Clerk read as follows:

Amendment offered by Mrs. MINK to the amendment in the nature of a substitute offered by Mr. O'HARA: Amend section 4 of the O'Hara amendment by deleting all from the paragraph numbered "(3)" on line 15, page 4 through line 17, page 5.

"SUPPLEMENTAL FOOD ASSISTANCE PAYMENTS

"(3) The payment per lunch for purposes of making supplemental payments under this subsection shall be 10 cents per lunch which amount shall be adjusted on an annual basis each fiscal year after June 30, 1975, to reflect changes 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 in accordance with section 6(e); *Provided*, That the school makes a direct contribution to the cost of food and labor in an amount equal to the supplemental payment for each lunch served and while receiving this supplemental payment does not increase the price per lunch. In the case of any school which is not making a direct contribution to the cost of food and labor in an amount equal to the supplemental payment for each lunch served it may be eligible to receive this supplemental payment if it lowers the price charged by at least 10 cents and while receiving this supplemental assistance does not raise the price per lunch."

Mr. O'HARA. Mr. Chairman, I reserve a point of order against the amendment.

Mrs. MINK. Mr. Chairman, I appreciate the fact that the Committee on Education and Labor met late last night and

early this morning to make a few changes to their proposal. They now come before this Committee today with a new bill which in essence makes only a change in figures. It changes the 25-cent national school lunch price which raises it to 35 cents in an attempt to meet the objections I raised against that particular section of their proposal yesterday.

May I say to my colleagues of this House it is not the fact that the 25 cents or the 35 cents to which I object. So I regret to say that they met in vain. The principle to which I object is simply not corrected by changing the figures.

I do not believe that it is the business of the Congress of the United States to set school lunch prices. That is the business of the local school boards. They are supposed to handle their internal budget matters and decide whom to hire, whom to fire, what kind of cafeteria program to have, whether to have an electric stove, a gas stove, or what have you, and determine what the fair price is for their lunches in their school system. If we adopt the committee proposal today and dictate the uniform price of 35 cents per school lunch for the entire country, we are, Mr. Chairman, putting ourselves in the business of establishing the price of lunch, because whatever it is, whatever that level may be, we are going to have to foot the bill of everything above that 35 cents.

So if the Members' local school boards then decide to charge 80 cents for the price of lunch in their next school year, we are going to have to come up with 45 cents for every school lunch that is served. Or if they should go to \$1, we are going to have to come up with a 65-cent subsidy.

I ask the Members to put themselves in my shoes, in the ludicrous position of being from a State that has religiously over the years since the inception of this program taken faith with the Government of the United States and sincerely believed all their propaganda that one of the most important functions of a school system was to provide a nutritious lunch program to every child in our school district.

We have kept our school lunch price to 25 cents. What do I tell my school district now when I go home and say: "The Congress declares your price must go up now to 35 cents"? All these years we have struggled to keep it down to 25 cents and we have done so by assuming the cost of the program to the tune of nearly \$9 million each year—and gladly. Under this committee proposal school districts that were charging 65 cents will get 30 cents from the Federal Government and 35 cents from the child. Hawaii will get only 10 cents from the Federal Government.

So I am saying the committee proposal is all wrong. It creates inequities among school systems. It rewards inefficiency with more money. If we truly believe the inflation now rampant in our country is causing detriment to this program, let us give it an additional 10 cents in subsidy. That is exactly all that my amendment does. It says that for every school system that is absorbing the cost of the school lunch program by at least 10 cents, pay them back that 10 cents so

they will be prevented from the temptation of doing what everybody else has done, which is to raise prices. Give them the incentive to hold the prices down. For those districts that have not cared about the price of their school lunches and raised their prices, say to 75 cents, let us give them an incentive to lower it by 10 cents, by giving them this 10-cent additional subsidy as a special emergency subsistence program.

I urge this House to do this, because as I stand here today the Members will be standing in the well in the next 2 years from now or 4 years from now and decrying the day the Congress ever got into the business of setting national school lunch prices in their home districts and using it as the basis of determining this subsidy. Let us not have Congress set the price of school lunches.

The CHAIRMAN. Does the gentleman from Michigan insist on his point of order?

Mr. O'HARA. Mr. Chairman, I withdraw my reservation.

Mr. MEEDS. Mr. Chairman, I rise in opposition to the Mink amendment and in favor of the substitute offered by the gentleman from Michigan.

Despite what has been said by the gentlewoman from Hawaii her primary concern is expressed by her and by a number of other Members here to the substitute has been the prevailing question of why should the middle- and upper-income children receive subsidized lunches? I think this is the crucial question before the House today. I would like to address myself to that problem.

I will begin by saying that the maximum 35 cents for all, paying lunches will help this program by keeping people in it. I think the statistics clearly show that for a number of reasons which I would like to discuss, the type A lunch—the section 4 lunch—in the schools of this country is in trouble today. The primary reason for the declining number of class or type A lunches is the rising cost.

We had testimony before our committee from a number of people. We had testimony from Ms. Josephine Martin, director of the school lunch program for the Maryland Department of Education, indicating that this was the contributing factor, the large contributing factor to the decline in participation of their children in class A lunches.

From Richard O. Reed, director of the school lunch program for the State of New York, we have testimony which indicates in the last 2 years alone the paying school lunches has dropped by 136,000 net in New York State primarily because of increasing costs.

We had testimony from Mrs. Lilly E. Herndon, president of the National PTA, who testified strongly in favor of reducing the cost.

As the gentleman from Michigan said, we are already contributing to school lunches, the class A or type A lunches in this country. The question is how much should we contribute? I think that is where we get to the concept of the economies of scale.

Allow me to utilize the analogy of rapid transit systems in this country and school lunches, if I may. As we are all aware, as the price of utilizing the rapid

transit systems has gone up, the user-ship or ridership has gone down, thus necessitating a further rise in price and thus resulting in a further decline in user-ship.

That is precisely what is happening in the school lunch program today. As the costs of school lunches go up, the use goes down. If we are going to have—and I sympathize with these people who have talked about free and reduced priced lunches here for people in necessitating circumstances, I am as concerned as they are—but make no mistake, if we do not have the strong backbone of the type A paying lunch in this program, we are not going to have the free and reduced priced lunch, either, because it takes economies of scale that will be brought about only if we have that vast middle ground of America, which today is declining. That is why we need to bring this 35-cent ceiling in.

What this really constitutes is a further contribution of somewhere in the area of possibly 12 cents to 14 cents for section 4 lunches. We are already paying, as has been brought out here, 21.75 cents. Some States are paying 5 cents. That makes about 27 cents. So we are talking about on the average increasing this by 10 cents and that is all. That strong middle portion is necessary to preserve this program. There is another reason, Mr. Chairman.

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

(By unanimous consent Mr. MEEDS was allowed to proceed for an additional 4 minutes.)

Mr. MEEDS. Mr. Chairman, one of the other reasons for the decline in user-ship was stated by the gentleman from Pennsylvania (Mr. GOODLING) yesterday, when he said lifestyles in America are changing. There is no question about it. The changes in lifestyle are bringing about some of the declines in the type A lunch program.

The gentleman from Minnesota (Mr. QUIE) proposed an amendment to the original bill, which I thought went too far, to begin to cope with this change in lifestyles. Working with the gentleman from Minnesota and other members of the committee, we finally devised an amendment which I think will undertake to combat that change in lifestyle. There is no question but the administrators of this program, even the local people, have not been innovative, have not been imaginative in portions, in allowing more selection and in a number of other areas which should tend to reduce plate loss. The amendment, which is part of the substitute worked out by myself and the gentleman from Minnesota, would go a long way toward reducing plate loss and will give students in senior high schools the ability to make selections and to refuse food which they do not expect to eat.

Finally, Mr. Chairman, I favor the elimination of the back-door spending provisions in this bill. I am one of the strongest and original supporters of the WIC program. I think it is an excellent program. I would like to see more money for it. I think it has done more for raising IQ levels and providing nutritional

levels which are accessible for young people and lactating women than any other program that we have. But I am also for reform. I fought for the reform of the rules of this House and last year we passed what I considered to be the most important single reform that we have had in the last 50 years; that is the Budget Control and Impoundment Act. If we are going to have rules by which we operate, and I think we should, then we have to take those rules seriously. There is no question but this bill and that provision, the WIC provision in this bill, was in open violation of the provisions of the Budget Control and Impoundment Act.

Therefore, while I favor that legislation and while I say that it still will be treated on a par with all the rest of this bill, I think we should take it out of the favored treatment—and I say favored treatment, it has received under section 32. If we do not follow our rules, we cannot expect the next committee and the next committee to follow and then the Budget Control and Impoundment Act becomes observed in its breach and it really becomes of no value.

Ms. ABZUG. Mr. Chairman, will the gentleman yield?

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

Ms. ABZUG. Mr. Chairman, I realize the gentleman's great interest and work on the development of this legislation over the years. I also am aware of the fact that we have had an enormous difficulty in getting funding of this WIC program. We have had trouble with the Secretary of Agriculture with getting appropriations and with our own authorizations, having to go to the courts in order to expand sufficient funding authorizations.

What we are dealing with here is a question of whether or not our Budget and Impoundment Control Act is an act which really cares about priorities. What are we going to say to those millions of mothers and clinics who are desperately dependent upon nutrition in order to create a wholesome progeny? Are we going to tell them that they have to stop their lactating—as the gentleman puts it—and forget their nutritional needs because there is a new budget process which we are going to apply to the Department for the first time against those people who are the most helpless? So are we going to have to beg and plead with other committees in this House for appropriations we have been consistently denied under this program?

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

(By unanimous consent Mr. MEEDS was allowed to proceed for 2 additional minutes.)

Mr. MEEDS. Mr. Chairman, if I may reply to the gentlewoman in two respects: First of all, this is not the first application. This is the second application. We had a bill on the floor the other day which was amended after the rule was granted waiving a point of order to make it conform to the Budget and Impoundment Control Act.

Ms. ABZUG. I stand corrected.

Mr. MEEDS. Second, the gentlewoman said we had trouble with the administration and the Appropriations Committee. I would amend that to say that we have had trouble with the administration. The gentlewoman will recall as well as I do, because we fought together, that the administration refused first of all to spend what we first appropriated.

Ms. ABZUG. That is correct.

Mr. MEEDS. The Appropriations Committee actually appropriated that money. The administration refused to spend it.

Second, we had to force them to spend it by court order.

My recollection is that we have raised the appropriated amount of the WIC program from \$20 million to \$100 million, and we are, this year, spending \$127 million because we are spending some of the money the administration did not spend the second time. The authorization for appropriation in this bill is doubling, more than doubling what is presently available.

I hope we can get the full amount appropriated.

Ms. ABZUG. I appreciate that, but is it not so that there is continuing authority, so that this is really not backdoor spending?

Mr. MEEDS. In respect to that, I would say the Secretary has certain discretionary power under section 32. He can spend money to help starving people. That is authority which he has had under that section, but any new act which tends to deal with section 32 funds will have to be subject to the Budget and Impoundment Control Act. There is no way it can be done as long as we try to legislate. If it is authority he already has, that is different.

Mr. QUIE. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, as I say, the Mink amendment would cost \$440 million plus the escalator. That ought to be the concern of everybody here, also I know some people figure, as myself, that we could have a wiser use of that money than putting it into the lunches of the children of parents who could afford it.

But it is the mandated 10-cent matching item I refer to. In the school districts in Hawaii, for instance, which are already providing that, it would not make any difference, in my understanding. But in the school districts that would have to raise that local money, that direct payment to make up that reduction in the price of 10 cents to the students, this would then have to come from their local property taxes.

So that means that many poor people in the local areas who pay property taxes would have to help pay for that. In fact, the most regressive tax we have is the property tax. Poor would have to help to pay for the lunches for children of parents who can afford to pay for their own lunches; by that I mean the middle income and higher income children.

Mrs. MINK. Mr. Chairman, will the gentleman yield?

Mr. QUIE. I yield to the gentlewoman from Hawaii.

Mrs. MINK. Mr. Chairman, I think the gentleman misunderstands my amendment. It does not require that the school districts which do not now absorb the

cost do so. They simply, in order to get the 10 cents, must retain the very system they have, but in receiving the additional 10 cents from the Federal Government they are required to lower the price of the school lunch. They may not pocket the money or use it for other purposes.

Mr. QUIE. Then the gentlewoman does not provide for a matching amount in her amendment?

Mrs. MINK. No, I do not.

Mr. QUIE. As I read the gentlewoman's amendment, it provides for matching funds.

Mrs. MINK. No. Mr. Chairman, if the gentleman will yield further, it does not have a matching concept at all.

It simply says that for all school districts that now absorb at least 10 cents automatically of the cost, they do not have to do anything with their school lunch price. For those that do not absorb the cost of serving the school lunch by at least 10 cents, they can still get the 10 cents, but in order to get this money from the Federal Government, they must give the break to the children, pass it on to the consumer, so to speak.

The House is constantly being admonished that prices should come down and that Congress should make sure the consumer benefits, but when the final decision is made and the contribution which the Congress directs is made, the consumer does not get that direct benefit. So my amendment makes sure that we give that benefit to the consumer.

Mr. QUIE. Mr. Chairman, it provides for the 10 cents per lunch and the escalator: "provided that the school makes a direct contribution to the cost of food and labor in an amount equal to the supplemental payment for each lunch served and while receiving this supplemental payment does not increase the price per lunch."

That means something different, the way I see it. It says:

\* \* \* a direct contribution \* \* \* in an amount equal to the supplemental payment \* \* \*.

That then requires an amount of 10 cents by the school district on top of the 10 cents from the Federal Government.

Mrs. MINK. Mr. Chairman, if the gentleman will yield further, the gentleman is reading the first portion of the amendment, not the second sentence.

Mr. QUIE. I am reading the first sentence.

Mrs. MINK. Yes.

Mr. QUIE. It says that the supplemental payment shall be 10 cents per lunch and provided the school makes a direct contribution to the cost of food and labor in an amount equal to the supplemental payment.

Mrs. MINK. Yes. Mr. Chairman, I used the language, "absorb the cost of providing that lunch to at least 10 cents." But the U.S. Department of Agriculture said they do not like the word, "absorb." They say we should state they make contributions to the preparation and the serving of the food.

So I agreed to that change. But all it means is that the school district must show that at least 10 cents of whatever it is they serve the children is now paid for by the school district. If they can

demonstrate that, then they automatically get the 10 cents. I am sure most school districts will be able to do this.

However, if they cannot show this, then they can still get the 10 cents by simply giving the benefits they got from the Congress directly to the child and lowering the price of the lunch by 10 cents.

Mr. QUIE. Yes. Mr. Chairman, if we then read the amendment the way the gentlewoman plans to have it interpreted, it would then not mandate any local payments; they would pass on the decrease of 10 cents if the local school was not already putting in that amount.

My objection would then be to the \$440 million added on for this purpose to those who can afford to pay for the lunches themselves.

Mr. PERKINS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I certainly wish to compliment the gentlewoman from Hawaii (Mrs. MINK) for a great school lunch program, the program that her State happens to be operating. But if I understand the Mink amendment correctly, 10 cents must first be put in by the local school district, and if they do not put in the 10 cents, they do not get the extra money.

If the local school district does not put in the 10 cents, naturally there is no 10 cents that goes to that particular district.

The problem, as I see it, with the Mink amendment is that it does not mean anything to the child. All it does is to allow the school district to replace its own money with Federal money if it is putting in more than 10 cents a lunch.

I want to say to the gentlewoman from Hawaii (Mrs. MINK) that even though the gentlewoman has a great program in Hawaii, we cannot provide a school lunch program based on all the good factors that exist in the gentlewoman's own State.

With respect to the Federal money—and I state Federal money if a school district it putting in more than 10 cents a lunch from its own money—in that situation the price charged the child would remain unchanged. It means a lot to the gentlewoman's State, but as I see it, I just do not see how it benefits the child. There is no guarantee that the school lunch price will be reduced one penny under the Mink amendment where the State in Hawaii's case or the local school district in the 49 other States is putting in their dime.

If cost continues to increase in the lunch program, the Mink amendment will only mean that the Federal Government will pay more without any direct benefit to children or their families in the long run.

I think we ought to stress these two points about the Mink amendment: It does not mean that any school district has to do anything more for the feeding program than it is doing now if it is putting in 10 cents. That is number one. It does not mean that the school district has to do anything more for the feeding program than it is presently doing if it is putting in the 10 cents.

No. 2, it means nothing to the child. No school district has to reduce

any school lunch price where they are putting in that 10 cents.

This amendment will hurt, my good friends, the private schools. If they are not putting in 10 cents of their own funds now, which most of them do not do now because they just do not have adequate resources, they will have to reduce the price to students by 10 cents and will be forbidden from raising the prices charged their children.

The Mink amendment will be disastrous for private schools because they cannot rely on local tax sources and because they will not be able to raise their lunch prices under the Mink amendment.

**Mrs. MINK.** Mr. Chairman, will the gentleman yield?

**Mr. PERKINS.** Yes, I yield to the gentlewoman from Hawaii (Mrs. MINK).

**Mrs. MINK.** Mr. Chairman, I appreciate the gentleman's yielding.

My amendment does not require any school system to levy an additional burden on their students and parents to raise any funds whatsoever to meet the requirements of my amendment. All it does is to say that if they do not now absorb the cost of the school lunch program, they may still qualify for the 10 cents; but when they do receive the 10 cents, they must pass on the benefit to the student by reducing the cost of the lunch by 10 cents. They may not pocket it.

It is as simple as that. It is a mandated passback of the benefit of the 10 cents to the student.

**Mr. PERKINS.** It is mandated only in exchange. The local school district is not putting in that 10 cents.

**Mr. GIAIMO.** Mr. Chairman, I move to strike the requisite number of words.

Mrs. Chairman, I would like to clarify some matters which I believe may cause some confusion. We have had a great debate here, yesterday and several days ago, on two separate occasions about complying with the spirit and the letter of the Budget Control Act which prohibits back-door spending.

I gather from the new substitute which was prepared as recently as this morning that the back-door spending provision which the committee insisted upon so vigorously as recently as yesterday is no longer in the bill. Is that correct? Could someone answer that briefly?

**Mr. O'HARA.** Mr. Chairman, if the gentleman will yield, let me say that that is correct; there is no new back-door spending in the bill now.

**Mr. GIAIMO.** So that we are not concerned with the question of back-door spending, and all of the funds in this bill will be subject to annual appropriation?

**Mr. O'HARA.** That is correct.

**Mr. GIAIMO.** That is one change that I gather has been made in the committee bill.

**Mr. O'HARA.** All the funds specifically authorized in this bill will have to be provided by the appropriation process.

**Mr. GIAIMO.** That is one change that was made in the substitute.

Let me go to another change, and that is the sudden change from the 25-cent charge per lunch to 35 cents per lunch,

which now is being further amended by the amendment of the gentlewoman from Hawaii. Quite frankly, in my opinion, the gentlewoman's amendment while better than the committee amendment, does not go far enough. To my way of thinking, there should be no expansion of the present law, and we should comply with the present law.

**Mr. PERKINS.** Mr. Chairman, will the gentleman yield?

**Mr. GIAIMO.** Not at this time.

**Mr. PERKINS.** Mr. Chairman, if the gentleman will yield, let me say to the gentleman—

**Mr. GIAIMO.** I do not yield to the gentleman at this time.

Mr. Chairman, there has been a great deal of concern in this debate about nutrition for children—a great deal of emotional appeal that we have to do everything we can to help children, and with this I agree. This Congress has. But, let us really look at what we are doing.

What the committee amendment proposes is that we now no longer limit Federal subsidies to feeding needy children, or those who need reduced-cost lunches, but that we feed all children—my children, your children, the children of all middle America, suburban children, all of the children who can presently afford to pay for their lunches. We are going to ask not the Congress but the taxpayers to feed all children. I say let us continue to feed the needy children, let us continue to feed those who have some needs, but for heaven's sake, in view of today's priorities, and budget deficits, let us curtail spending where possible.

Let us also realize that we are doing great harm to another priority about which there has not been a word mentioned all day, and that is the priority of concern for that heavily saddled middle-class American who is paying the taxes. He is suffering not only through paying the taxes but also through the indirect tax of inflation in the increasing costs he says for everything he buys.

**Mr. PERKINS.** Mr. Chairman, will the gentleman yield?

**Mr. GIAIMO.** No, I do not yield.

**Mr. PERKINS.** Mr. Chairman, if the gentleman will yield, I would like to say—

**Mr. GIAIMO.** Regular order, Mr. Chairman. I refuse to yield to the gentleman.

**Mr. PERKINS.** Mr. Chairman, will the gentleman yield at this point?

**Mr. GIAIMO.** Regular order, Mr. Chairman.

The CHAIRMAN. The Chair will state that the gentleman from Connecticut (Mr. GIAIMO), has refused to yield to the gentleman from Kentucky (Mr. PERKINS).

**Mr. GIAIMO.** Our citizens are suffering because of the fact that this Government of ours is operating at a fantastic Federal deficit. For instance, this morning, in our Budget Committee, the 1976 deficit will be in the neighborhood of \$78 billion, and it is still climbing.

We are going to saddle the taxpayer and the middle-class citizen with the heaviest indirect tax of inflation, of inflated prices, to pay for that deficit.

So, Mr. Chairman, this amendment which would have added about \$700 million to the school lunch program—and then, as recently as of this morning, was changed to half that amount should be defeated. This is what we call in Government "get your nose in under the tent," then next year they will be up here again getting the other half of the reduced amount they gave up today. It is a sham and a shame. Do not saddle the harassed taxpayer with the O'Hara giveaway. I say, let us meet the necessary needs; let us provide sufficient funds to take care of the WIC program, to take care of needy children, to take care of hungry old people, to do all of these things that are needed; but let us not broaden this concept to feed the children of middle-class America who can afford to pay for their own lunches and who can afford to provide their own children with nutrition.

What we will be doing is to add to the Federal deficit which is going to make for the greatest inflation period in the history of this Nation; mark my words.

**Mr. MILLER** of California. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the O'Hara amendment and the Mink amendment because I think what we are doing is misspending money. By the elimination of the so-called back-door provisions, we are taking away WIC, a program that is designed for women who are pregnant, infants and children who have been certified by health officials to be nutritionally high risks, a population that suffers birth defects at a rate three times greater than the rest of the population, a population where the medical evidence is overwhelming that the link that ties them into a greater rate of birth defects is low income and poverty. The reason they are in the section 32 provision of this bill is because they need public protection because they are a constituency which has very little representation here.

The \$250 million that was provided in this legislation when it came to the floor for this program was passed out of the Committee on Education and Labor unanimously with the section 32 provisions. The rule was fought yesterday and carried, and now today we are doing away with it.

I have not been in Congress long enough to appreciate all of the ills of back-door financing, but I want to tell the Members this, that I do not think the 611,000 women out there who are carrying infants in their wombs will understand when the WIC program ceases. I do not think the mothers out there who are getting formula which they cannot otherwise afford will understand that when the appropriation is cut, because this program has had many, many enemies in this Government.

The gentlewoman from New York (Ms. ABZUG) cited what happened with the Department of Agriculture and the fact that a contempt charge had to be brought against the Secretary of Agriculture to get this money released. That is the kind of trouble we have had with this program. Yet, it probably is a pro-

gram which administratively cost less than any other so-called welfare program. It is given to people who have been medically certified as being nutritional risks, and obviously prevents many, many dollars from being spent in the future in terms of custodial care, in terms of restorative care for these children who might very likely suffer from birth abnormalities.

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

Mr. MILLER of California. I yield to the gentleman from Michigan.

Mr. CONYERS. I thank the gentleman for yielding.

I tend to share his view. I am impressed by this newfound morality on the part of the Committee on Education and Labor in the last 24 hours about budget responsibility. I suppose we should applaud them on this new change of attitude, but where and how will WIC survive, I ask my friend, the gentleman from California? Can anybody, including my friend on Appropriations, give us some assurance as between the swollen defense budget and the WIC program, who is going to make it in appropriations? If my colleagues will let me go on the past experiences that I have had here, I know what program is going to make it and which one is not, so I am not prepared to support this newfound fiscal morality that the Committee on Education presents to us in 24 hours, and I am going to support my friend, the gentleman from California.

Mr. MILLER of California. I thank the gentleman from Michigan.

I think the point that he brought into focus is exactly the right one. This program will not survive when it goes up for appropriations; the school lunch program will, because it has the constituency; it has the educational community; it has the people who are working in that program.

That is the constituency that is prepared to defend it, but that is exactly why this program was put into section 32. The distinguished chairman of the Committee on Education and Labor made this fight many years ago when the school lunch program was unpopular, to protect it and to nurture it and to see it grow, because it was delivering a definite social benefit.

That is what we see with the WIC program. I ask the Members to visit these programs in their district because it is something to behold and it is something to experience when we talk with many of the women with children in their arms who tell you that until the WIC program they did not see a doctor except at the time of delivery, and to talk to pregnant women and who say that but for the help delivered under the WIC program, they had not been to a doctor during their pregnancies. That is what the Members have to understand.

The \$250 million in this proposal simply allows the WIC program to stay alive and to meet the current needs. There are 10,000 unmet needs in the State of Mississippi, 15,000 in the State of Georgia, and 166,000 in South Carolina. Those are the kinds of needs that are out there.

If this proposal is removed from sec-

tion 32, those needs will go unmet because the President has already said he wants to do away with the program.

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

(On request of Mr. PERKINS, and by unanimous consent, Mr. MILLER of California was allowed to proceed for 2 additional minutes.)

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

Mr. MILLER of California. Certainly I yield to the chairman.

Mr. PERKINS. Mr. Chairman, first let me compliment the distinguished gentleman from California (Mr. MILLER) for his excellent statement and the distinguished gentleman from Michigan (Mr. CONYERS) for his excellent statement. We had problems with starting this program a few years ago and it was because of section 32 funding in my judgment, in view of the attitude of the administration, that we were able to get the program off the ground.

In the first year the program only received about \$15 million or \$16 million. This past year it is about \$124 million. I know there are applications on hand that would demand far more.

I have a feeling from the discussion we heard yesterday—and I have never heard so many economy speeches made in all the days of my life from so many of my friends as were made yesterday—we had no alternative. I want to pledge my assistance to these gentlemen in seeing that this program is fully funded.

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

Mr. MILLER of California. I yield to the gentleman from Michigan.

Mr. CONYERS. Mr. Chairman, on Monday we get a great many economy speeches around here. I would not get overly wrought about what happens in Congress on Monday. Today is Tuesday and I think perhaps more thinking has occurred which is more along the lines that the Education and Labor Committee came out with for the last several weeks up until yesterday. I would not let this continuing concern for WIC be interrupted now because of some remarks that suddenly afflicted the chairman or affected him so profoundly in yesterday's session.

Mr. PERKINS. I want to say to the distinguished gentleman that he will have my wholehearted cooperation to see that this program is fully funded.

Mr. MILLER of California. I appreciate that.

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

(By unanimous consent, Mr. MILLER of California was allowed to proceed for 2 additional minutes.)

Mr. MILLER of California. Mr. Chairman, I simply want to stress the medical evidence because we are playing with the futures of many people here. Yet so many speeches were made in the vein of why do we not put money into WIC instead of charging everybody 25 cents, why not put it into worthwhile programs where we get a return on our money? I want to cite a study done by Roberts and Engel who report as follows:

Children who weighed less than 5 pounds at birth had an average I.Q. of 94.6 as com-

pared with 99.6 for children whose birth weight ranged from 5 to 10 pounds. The highest average—101.1—was recorded for children who weighed 7 pounds 12 ounces to 8 pounds 13 ounces at birth.

That is what we are talking about with this program—the absolute ability to help prevent low birth weights.

I think that that is what we have to consider when we vote.

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

Mr. MILLER of California. If I have the time.

Mr. GIAIMO. If I understand correctly, and the gentleman from Michigan can correct me if I am wrong, but the substitute that provides for the WIC program is on page 16. If I read it correctly, it says:

\* \* \* there is authorized to be appropriated the sum of \$250 million for each such fiscal year \* \* \*

I gather that \$250 million authorization was deemed by the committee to be sufficient, or they would not have put it into the amendment.

Mr. MILLER of California. I agree with that.

Mr. GIAIMO. Therefore, there was provision for the WIC program. The only question is, how do we fund the program?

Mr. MILLER of California. That is the serious question before this Congress.

Mr. GIAIMO. Mr. Chairman, will the gentleman yield further?

Mr. MILLER of California. Yes.

Mr. GIAIMO. The only question is, do we fund programs directly, or through the back door, or do we do it through congressional appropriation? This Congress took a very firm decision and said that we want to terminate as best we can those uncontrolled methods in this program.

Mr. MILLER of California. I appreciate those remarks. I stated before, as I said, the people out there on this program waiting to get on it will not understand back-door or front-door spending. They want the program to continue and the way to continue that is to put it into section 32.

Mr. GIAIMO. If the gentleman from California and the rest of the House and I do the job properly, we will see that it is provided with necessary appropriations to do the job.

Mr. MOTTL. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment of the gentlewoman from Hawaii (Mrs. MINK) and in support of the amendment of the gentleman from Michigan (Mr. O'HARA).

I think when the gentlewoman from Hawaii addressed the committee, she gave us the greatest reason why we should support the program of 35 cents. She cited us the example that Hawaii now has a program that no student pays over 25 cents for a school lunch in her great State, because the sovereign State of Hawaii subsidizes this program to the tune of \$9 million. So I believe we are just going to extend the wonderful program of Hawaii and make it a national program, which I think is extremely important.

The distinguished gentleman from Connecticut and my distinguished colleague, the gentleman from Ohio, pointed out the need for fiscal responsibility and the problem of the great deficit. I think we have to set priorities here in this Committee. I think the priorities are with schoolchildren and their parents.

I voted against the foreign aid appropriation. I believe we have wasted \$172 billion in this program over the years. We have military cost overruns. I think the priority should be, to expand the school lunch programs, rather than waste money on military cost overruns and foreign aid programs.

I believe it is extremely important that we support the amendment of the gentleman from Michigan (Mr. O'HARA). It would be a great victory and of great benefit to middle-income America.

I represent suburbs around the greater Cleveland area. These people have paid a great amount of taxes in support of the programs we have heard about on this floor for many months. What about helping to benefit their children? Let us have a 35-cent maximum lunch program that would be beneficial to all Americans, not just the underprivileged and disadvantaged. We should continue those disadvantaged programs, but let us expand the program. Let us have nutritious meals for all our schoolchildren.

I have talked to many schoolchildren and teachers in the district and they tell me as the price of meals goes up for the breakfast or lunch program, we have more and more children buying just a piece of pie or just one or two commodities, such as ice cream or potato chips, rather than a nutritious meal. I believe this is wrong. Let us expand the program to permit all our schoolchildren to have a nutritious meal.

Lastly, I believe a vote for the amendment of the gentleman from Michigan (Mr. O'HARA) would be a great tribute to the distinguished chairman of the Committee on Education and Labor, the gentleman from Kentucky (Mr. PERKINS). He has done more for the children of America than any living American. I think this would be a living monument to this great chairman, the distinguished gentleman from Kentucky (Mr. PERKINS).

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from Hawaii (Mrs. MINK) to the amendment in the nature of a substitute offered by the gentleman from Michigan (Mr. O'HARA).

#### PARLIAMENTARY INQUIRY

Ms. ABZUG. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentlewoman will state it.

Ms. ABZUG. Mr. Chairman, what are we voting on at this time?

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from Hawaii (Mrs. MINK) to the amendment in the nature of a substitute offered by the gentleman from Michigan (Mr. O'HARA).

Ms. ABZUG. I thank the Chairman.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from Hawaii (Mrs. MINK) to the amendment in the nature of a substitute

offered by the gentleman from Michigan (Mr. O'HARA).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mrs. MINK. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

The amendment to the amendment in the nature of a substitute was rejected.

AMENDMENT OFFERED BY MR. GOODLING TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. O'HARA

Mr. GOODLING. Mr. Chairman, I offer an amendment to the amendment in the nature of a substitute.

The Clerk read as follows:

Amendment offered by Mr. GOODLING to the amendment in the nature of a substitute offered by Mr. O'HARA: The substitute for H.R. 4222 offered by Mr. O'HARA is amended by striking out section 4 thereof, and renumbering the remaining sections accordingly.

Mr. GOODLING. Mr. Chairman, first of all, I think that I want to make sure everyone understands that we have a very, very good lunch program. It is very important to all children. We also have added some very fine amendments this year.

I do not think we should be confused by the fact that some people may say, "Well, you are down here trying to cut lunches for our children, our poor school children."

That is certainly not the intent. First of all, I think we have to understand that all I am trying to do at this particular time is to remove the 35-cent maximum charge that we are telling a school district it must charge. We are telling them what price to set. That is not our business.

Mr. Chairman, we have heard an awful lot about the lack of participation, of the declining participation in school lunch programs. I think there have been an awful lot of erroneous statements. I think the Members will find that we are taking care of those who need free lunches; we are taking care of those who need reduced price lunches. We have improved numerous areas, as I mentioned, with new amendments this year.

But, the erroneous statement comes when we try to say that young people are not participating in school lunch programs as much as they were before simply because the price of lunches has gone up. In my 23 years of being in the school business, it has gone from 25 cents to 50 cents.

The declining participation comes about in many areas because, first of all, there has been a decrease in the population of students attending school. Second, there is an increased free and reduced lunch participation. Simple mathematics tells us that if we have a declining student population and increased participation in free and reduced price lunches, we just have to have fewer people participating in the regular class A lunch program. That is just simple mathematics.

The advent of a la carte programs in the school districts has made a big change. People now can receive many other things and not participate in class

lunches; the sandwich line, many other things that are very nutritional. That has changed.

Decreased time for lunch is an important factor. Young people now have 20 minutes in many schools for lunch. All they want to do is relax. These are changing attitudes more rapidly than the attitudes have changed in the cafeteria and dietary concerns. All of these are reasons why we would have a decline.

As I mentioned before, if the program we are proposing here in this 35-cent lunch program is for children, I again ask: Then why did we not have children participate in this decision?

We could have gone out into the District, we could have gone out into Virginia, we could have gone out into Maryland, and we could have checked with middle- and higher-income youngsters and asked them why they do not participate in the program. We did not ask them. We did not ask the teachers, we did not ask the guidance counselors, we did not ask the principals.

Some would have us believe that it is a terrible thing for a youngster to try to get a reduced or a free lunch in a school.

This is totally incorrect. The youngster does not participate in that decision. You send the forms home to parents as the school year begins, explaining the whole system.

All they do is complete the forms, and in most instances no one even checks. They look at what the parents say and then they give the free or reduced lunch.

A year ago we would rather give a reduced lunch than charge them because we could make more money because of the subsidy situation. That has been changed, fortunately—or unfortunately, depending upon whether you are on the school board or in the Congress.

And then some would say that it is a form of tax relief. To me, this is a terrible statement to make to middle-income America. They are so sick and tired of having bread crumbs thrown to them that they do not want to hear any more about the kind of "You go away, I'll give you a little crumb, that will be all right," and then we would not have to get around to the business of total tax reform. That is a terrible idea in this particular case.

Someone said, "How much should we as a government participate in this whole lunch program?"

Can anyone tell me what the Government's participation in a lunch program has to do with the Government setting a price that the local district must charge? I do not understand that at all.

Then one of the things that really bothers people back in the local school district is the whole credibility bit they have with the Federal Government. They are always saying, "Oh, today they are giving me something, but tomorrow I will be stuck with higher taxes to pay for them," and all of a sudden there is an increase. So, philosophically, it is totally wrong, because we are again trying to support people who can support themselves, when we have so many other people who need our help and need our support.

**THE CHAIRMAN.** The time of the gentleman has expired.

(By unanimous consent Mr. GOODLING was allowed to proceed for 2 additional minutes.)

**MR. GOODLING.** Mr. Chairman, let me say we are talking about a half billion dollars at a time when there is tremendous need in many other areas to use this half billion dollars to help other people in need.

Next year is an election year. What do we do next year to top this? I will tell the Members what we do. We give free lunches to everybody. Then we have a serious problem. As 1977 comes, and we are not able to get everybody to participate in the lunch program by reducing the price, so now we say, "We better pay those youngsters to eat; then we will get them all to participate."

I would hope that we would not totally embarrass Members of Congress when we go home on this recess by having to face people and say, "We Congressmen and Congresswomen could not afford to give our children a reasonable lunch, and so we are calling upon you people back home, who are making much less than we are, we are calling upon you to come in and help to feed our children." And I have two, so I could benefit from it. I would certainly hope that we would not insist that we must have everyone participating in the cafeteria, because the only way we can do that is get them to receive an outright grant from the school district. Then they will participate.

**MR. KETCHUM.** Mr. Chairman, will the gentleman yield?

**MR. GOODLING.** I yield to the gentleman.

**MR. KETCHUM.** Mr. Chairman, I thank the gentleman for yielding. I would like to associate myself with his remarks. There is perhaps some inconsistency, since we have subsidized everybody in the United States in the last 4 or 5 days in this Congress, and I suppose we should subsidize kids, too.

I do associate myself with the remarks of the gentleman.

Mr. Chairman, I must reluctantly oppose H.R. 4222, the National School Lunch Act and Child Nutrition Act amendments. I do so because this bill, while posing as a humanitarian measure to help needy children, is actually another raid on the Treasury. It is providing a subsidy for people who do not need subsidies, and it will contribute to the inflation that is ruining our economy.

In the years since 1946, the school lunch program has ballooned to the point where 47.4 percent of all school children participate. The bill we have before us will cost the American taxpayers \$6.2 billion. On top of that we have to add the considerable amount of money that State and local governments add to the program. No one in this chamber can assert that we are not providing a considerable assistance to needy families. I would point out that in 1974, the Federal cash payment for these subsidized lunches was 57.5 cents a meal, plus donated commodities of 10 cents a meal.

Now, we are asked by the Committee

on Education and Labor to extend the benefits of this program to every child in America and to place a maximum payment of \$25 on the costs of a school lunch. No one seems concerned that this will cost \$1 billion. No one seems concerned that there has been little support for such a move shown in the hearings. And, I suppose there are virtues in consistency, since this Congress has moved in recent weeks to subsidize virtually everyone else in America—why not our children.

At the risk of sounding frivolous, I would remind my colleagues that there is no such a thing as a free lunch. By allowing the children of the wealthy to receive \$.60 subsidies per lunch, we will go deeper into debt and add more of the "hidden tax" of inflation onto our citizens.

Mr. Chairman, nearly everyone in Congress has paid lip service to the need for budgetary restraint. If we intend to stay within our means, priorities must be set. I cannot understand how we can place a high priority of \$1 billion in aid to children whose parents can well afford to pay for their lunches. I therefore intend to vote against the bill, if this provision remains.

**MS. CHISHOLM.** Mr. Chairman, I offer an amendment to the amendment in the nature of a substitute.

**THE CHAIRMAN.** The Chair will advise the gentlewoman that her amendment would not be in order at the present time. We now have an amendment pending to the O'Hara amendment in the nature of a substitute, and that the pending amendment will have to be disposed of first.

#### PARLIAMENTARY INQUIRY

**MR. QUIE.** Mr. Chairman, I have a parliamentary inquiry.

**THE CHAIRMAN.** The gentleman will state his parliamentary inquiry.

**MR. QUIE.** Mr. Chairman, if the amendment offered by the gentleman from Pennsylvania (Mr. GOODLING) is adopted, am I correct that the amendment to be offered by the gentlewoman from New York (Ms. CHISHOLM) would then be in order?

**THE CHAIRMAN.** Not knowing what the content of the amendment is and not having heard the amendment read, the Chair is unable to answer the gentleman's parliamentary inquiry.

The Chair will respond to the gentleman further by saying that the gentlewoman from New York could phrase an amendment on this general subject matter which might be in order, but the Chair has not seen the language of the amendment.

**MR. QUIE.** I thank the Chair.

Mr. Chairman, I move to strike the last word.

**THE CHAIRMAN.** The Chair recognizes the gentleman from Minnesota (Mr. QUIE).

**MR. QUIE.** Mr. Chairman, may I ask the gentlewoman from New York if she will explain to us what her amendment does?

**MS. CHISHOLM.** Mr. Chairman, if the gentleman will yield, my amendment would delete all of section 4 of H.R. 4222, and that would result in effecting a com-

promise between the Mink amendment and the O'Hara amendment in terms of setting a ceiling on those persons in the middle-income categories of this country who could then participate in the lunch program right now.

**MR. QUIE.** To that extent, it would be identical to the Goodling amendment?

**MS. CHISHOLM.** Mr. Chairman, it is not identical to it, but it embraces some parts of it.

**MR. QUIE.** Mr. Chairman, will the gentlewoman give me an explanation of the rest of the amendment and what it does? As I understand it, it strikes out section 4.

**MS. CHISHOLM.** Mr. Chairman, if the gentleman will yield, it strikes all of section 4, and it brings in the mandate that persons above the poverty line, that is, 175 percent above the poverty line, would be included, and they would be mandated to provide free lunches for the children in the school lunch program, as contrasted to the optional concept now in the bill.

What I am attempting to do here is to make sure that the families in the \$6,000 to \$10,000 income range be included in the lunch program. This includes children who presently do not qualify for the free lunches. They have to pay the full price of the lunch, which now averages about 45 cents a lunch.

Under the 35-cent ceiling provision in the O'Hara amendment in the nature of a substitute, these families in this income category would only get a break of 10 cents a lunch. Under my amendment these children from these families in this category would be eligible for reduced-price meals in all schools, which means they would only have to pay 20 cents per lunch in many schools, or perhaps 10 or 15 cents. It reduces the entire cost of all the lunches.

**MR. QUIE.** Mr. Chairman, can the gentlewoman tell me where the second part of her amendment comes in the bill?

**MS. CHISHOLM.** Mr. Chairman, there has been so much confusion here with respect to this bill, all I know is that I want to delete all of section 4 of the bill and bring this in as an amendment. It would strike section 4 and add the language of section 9 of the new O'Hara substitute. I think those are the sections under discussion in this respect.

**MR. QUIE.** Mr. Chairman, I will say to the gentlewoman that from her brief explanation of the amendment, I am for it. I can see that there is no problem with it in connection with the Goodling amendment being adopted, and the second part of the gentlewoman's amendment may be offered at a later time.

**MR. PERKINS.** Mr. Chairman, will the gentleman yield?

**THE CHAIRMAN.** The gentleman from Minnesota (Mr. QUIE) still has some time remaining.

**MR. QUIE.** Mr. Chairman, I think we ought to get on to the Goodling amendment, and then we may take up the gentlewoman's amendment.

**MR. PERKINS.** Mr. Chairman, will the gentleman yield to me?

**MR. QUIE.** Yes, I yield to the chairman of the committee.

**MR. PERKINS.** Mr. Chairman, I just

want to ask exactly what the gentleman contemplates doing here.

We are presently subsidizing free lunches at a cost of 84.5 cents. Does the gentlewoman's proposal increase that subsidy?

Ms. CHISHOLM. No. Mr. Chairman, if the gentleman from Minnesota will yield, I will say that it does not.

Mr. PERKINS. Does it increase the subsidy of the reduced-price lunch?

Ms. CHISHOLM. No, it does not increase the subsidy of the reduced-price lunch.

Mr. QUIE. Mr. Chairman, my understanding was that the gentlewoman's last proposal was to continue to provide the free lunch for those who qualify. However, the gentlewoman will mandate a reduced-cost lunch for those who qualify for the reduced-cost lunch?

Mr. SIMON. Mr. Chairman and members of the committee, I rise in opposition to the amendment offered by the gentleman from Pennsylvania (Mr. GOODLING).

I think there are some misconceptions on the floor. No. 1 is that there is no subsidy at the present time for those who are paying for their lunch. Actually, there has been for some time.

The subsidy started out at 31 percent, went up to 33 percent, and is now down to 21 percent.

The point that the gentleman from Connecticut (Mr. GIAMO) has made about the need for balancing budgets I agree with. I happen to be cosponsoring a constitutional amendment that moves in that direction.

Mr. Chairman, I think it is extremely important that this body face up to that problem. However, I think we also have to face up to priorities, and one of the priorities, along with the priority we established yesterday in passing the foreign aid bill—and I voted for it—is to see that young people who are in our schools get a chance for a nutritious meal.

The question is asked: "Why do we need this? Are not the needy provided a meal now?"

The reality is that more and more schools—and this has not been pointed out, in the debate up to this point—are dropping out of the school lunch program at the present time because as costs of school lunches go up, the demand goes down among those who are paying students, and they simply end up dropping the program.

What this proposal will do, the 35-cent cap on this, is to open this program to as many students as possible and to provide nutritious meals for many young people who need those nutritious meals.

Mr. Chairman, I will point out one other statistic that should be of interest to the Members of this body. There are now more than 18,000 schools in this Nation that do not provide school lunches for their young people. I think we ought to change that. I support the WIC program and other programs that have been mentioned.

I do not believe that the amendment of the gentleman from Pennsylvania will be of assistance to the education of young people nor to the nutritional welfare of these young people and their future.

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

Mr. SIMON. I yield to the gentleman from Minnesota (Mr. QUIE).

Mr. QUIE. The gentleman made a statement that I have heard a number of times, that participation is dropping, total participation.

The table on page 10 of the report shows that total participation is increasing each year. It was 22.5 million in 1970, 24.5 million in 1971, 24.3 million in 1972, 24.6 million in 1973, 24.7 million in 1974, and 25.2 million in 1975.

Where is this reduction that the gentleman is talking about?

Mr. SIMON. To answer the gentleman, my understanding—and I am ready to be corrected—is that while there is increased participation in schools that are continuing to offer school lunches, more and more schools are dropping the program when they have to move those prices up.

The U.S. Department of Agriculture, which I do not always rely upon, says that as you move those prices up, the number participating is reduced.

Mr. QUIE. If the gentleman will yield further, the figures do not show that the prices going up have reduced participation but that the participation has been going up. USDA's study indicates that if one were to reduce the prices, they would get a greater participation, but I do not see that now, as far as the school lunch program is concerned, that students are dropping out.

I do not know that anybody who has read the figures has concluded that they are dropping out. I found a high school that dropped out in Philadelphia not because of the cost of the lunch, but they dropped out because of the danger to the students in the lunch program, so they run school to 1 o'clock and have dropped the lunch program entirely.

So there are other factors other than the cost of the lunches for those who can afford to pay for them.

Mr. SIMON. There are a variety of reasons, there is no question about that.

The CHAIRMAN. The time of the gentleman has expired.

(On request of Mr. QUIE, and by unanimous consent, Mr. SIMON was allowed to proceed for 2 additional minutes.)

Mr. QUIE. Mr. Chairman, I might say to the gentleman from Illinois that I asked for the additional time for the gentleman because I had used some of the gentleman's time.

Mr. SIMON. I appreciate the gentleman doing this, and he is very gracious.

Mr. Chairman, I would simply say that there are a variety of reasons, as the gentleman from Minnesota stated, and there are a variety of reasons for young people dropping out. But I repeat that the U.S. Department of Agriculture has said that if we reduce the prices there will be a substantial increase in the number of young people having nutritious lunches.

The gentlewoman from Hawaii, I believe, in her remarks yesterday said there might be—and I stand to be corrected—there might be as much as a 50-percent increase in the use of school lunches at

the 25-cent level. I do not believe there is any question that there would be more and more young people taking part in this program if we put a cap on it. I happen to believe that this would be a wise investment.

Mr. MCKINNEY. Mr. Chairman, would the gentleman yield?

Mr. SIMON. I yield to the gentleman from Connecticut.

Mr. MCKINNEY. Mr. Chairman, it seems to me there is a tremendous dichotomy in what the gentleman from Illinois says. For example, I understand in my city of Bridgeport where we can barely scrape together a thousand dollars per child to educate them, that we have a free lunch program, and I might add it is a very successful program because of student need.

But how can this Congress justify a limited cost of free lunches in one of my towns in my district, which has the wealthiest per-capita income and that pays some \$1,675 per child to educate them; how do we justify that the taxpayers of the United States should subsidize a 35-cent or a 25-cent limit on school lunches? When are we going to make some of these people who can pay, pay the bill, and stop them from coming down here? It just seems unfair.

You know, if I thought I would see some attempt on the part of some school boards to reduce expenses when in others they cannot feed their children, maybe you could take this. But it is hard to just sit here and consider the children of Fairfield, with a median income of \$12,000, and say that they cannot pay more than 35 cents; I think that is a disgrace, and a fraud upon the taxpayers of this country.

Mr. SIMON. I gather that was a question?

I would say to the gentleman from Connecticut that if the gentleman used that same logic we would not build a single mile of highway, because millionaires would use that highway. We would not have a single Government program if we had to look upon it as to whether it benefits a few, but rather does it benefit the public at large?

So, in reality, while we will have a few people in that one community who will benefit more than others, by and large, the State of Connecticut and these United States will be a finer, richer place because we have moved ahead in this direction.

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

Mr. MEEDS. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the Goodling amendment, which would strike, if the Members will pardon my expression, the guts out of the school lunch program, and bring the entire program to a shambles. And to answer this persistent question about why high-income people, high- and middle-income people, should have any benefits in this country, let me say that the high- and middle-income people of this country are paying a good share of the taxes, and if we used the logic which was being shouted at us from the other side we never would have passed the income tax credit bill, and

we never would have passed many of the other bills that we have passed. Particularly revenue sharing.

Or, as the gentleman from Illinois, (Mr. SIMON) just said, we would not build any highways, and we would not give any sewer grants to Darien, Conn., because they could afford to build those things with all of their tax base, and we certainly would not give any other kind of credit to them because they are able to support themselves.

This country has been able to sustain the kind of a program which benefits high- and middle-income people as well as poor people. The fact is the middle-income people of this country who will finally receive some benefits from this act are footing the majority of the bills in this country, and they ought to be entitled to something which gives them and their children some benefit. I see no objection, nor have we had until apparently recently great objection, to giving and providing programs which help middle- and high-income people.

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

Mr. MEEDS. I yield to the gentleman from Connecticut.

Mr. MCKINNEY. I thank the gentleman for yielding.

I believe the gentleman's remarks are addressed to me. I simply want to say that they have a big choice here. The city of Bridgeport, for instance, which is an industrial city, would love to spend more than it does on education for each child, but it just simply cannot make it. What I am saying is that suburban communities make a free choice of their taxpayers to spend these outrageous sums in educating each child. I do not see any reason why we should burden the entire country with this type of limit when these towns have a free choice in the very beginning. It is not the taxpayers' choice nor the Congress choice that wealthy towns spend \$1,675 per individual child, but certainly if they can afford to make that choice, they can afford to give their children a school lunch program.

Mr. MEEDS. By the same token, the people in Darien, Conn., should not receive any money under revenue sharing because they can afford to take care of those programs. Yet with almost solid support on that side of the aisle, we are sending money to Darien, Conn., where the taxpayers have the money to make these outrageous expenditures for education. I submit to the gentleman that many of our programs, including and specifically revenue sharing, are predicated on things other than aiding low-income people in America.

As the gentleman from Michigan pointed out, the school lunch program did not start as a low-income program; it started as an aid to school lunches for all children. I am for the low-income aspects also, but I do not think we ought to strip those aspects by killing the whole program and knocking out section 4.

Mrs. FENWICK. Mr. Chairman, will the gentleman yield?

Mr. MEEDS. I yield to the gentlewoman from New Jersey.

Mrs. FENWICK. I thank the gentleman for yielding.

I would like to join in occupying this House beyond the center aisle. It is not so divided. I would like to join with the chorus of intelligent voices on the other side of the aisle that say quite simply, When we have a limited amount of money to spend, it is our duty to spend it where it is most needed.

Mr. MEEDS. Then I assume the gentlewoman will join me in opposing revenue-sharing.

Mrs. FENWICK. I would like to say, Here we have several hundred million dollars. I would rather have the income limits for subsidized lunches. Then we can help those people, working people, who need help in the subsidized lunch program. The only thing we have got to fear is this kind of division on arbitrary lines. We must use a limited amount of money for people who need help, and that ought to be our concentrated effort on the school lunch program.

Mr. MEEDS. I appreciate what the gentlewoman said. Will she, then, join me in resisting the entreaties to pass revenue sharing?

Mrs. FENWICK. When revenue sharing comes to the floor, I will be glad to listen to the gentleman and to his arguments.

Mr. MEEDS. I thank the gentlewoman.

Mr. Chairman, I yield back the remainder of my time.

Mr. ANDERSON of Illinois. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I have listened with growing interest this afternoon as this debate has proceeded because it seems to me that as the debate has gone on, more and more this has become not an act to improve the school lunch program, in which we are all interested and for which I have consistently voted over all the years that I have been a Member of this Congress, but this has suddenly become an act to aid middle America, to somehow assuage the feelings of those anguished and angry taxpayers who feel that they are paying too much, too great a share of the Federal tax burden.

When I listened particularly to my friend, the gentleman from Illinois, the former Lieutenant Governor of our State, Paul Simon, for whom I have great respect, suggest that there are literally thousands of children in many, many schools that are dropping out of the school lunch program, then it occurred to me that maybe this program could be improved, and if so I certainly want to support those improvements.

The other day when the distinguished chairman of the Committee on Education and Labor came before the Committee on Rules, on which I serve, I was a little concerned when he said, I think, that only one morning of hearings had been devoted to this very important subject. And then when I came here this afternoon and learned that he had convened not a meeting of the subcommittee but only of the Democratic members of the subcommittee and suddenly elected to make a very substantial change in this legislation, it occurred to me that we

are certainly legislating in a very cavalier and casual manner on a program that affects the destiny of millions of schoolchildren in America, and we ought to be more careful than that.

I happened to be going through a hotel in Chicago the other day, where I was making a speech, and I by mistake wandered into a corridor that was reserved for hotel personnel. Before I beat a retreat I saw a sign, and I wish I had taken that sign back and posted it out here in the corridor because the sign read something like this:

Attention all waiters in all bars: Use the jigger at all times.

And then in capital letters it said:

ABSOLUTELY—ABSOLUTELY NO FREE POURING.

What we are doing today in the sloppy way we are legislating is doing a little more free pouring. We are not using the jigger. We are doing a little free pouring out of the Treasury of the United States.

And when they could not get away with the backdoor spending, then they came in with an amendment to try to correct that. But I am surprised and I am chagrined that this great committee, the committee that I have great respect for, has come in and is asking to legislate now changes in this very important program in a way that is so utterly imprecise.

I agree with the gentleman from Pennsylvania (Mr. GOODING) and the others who said:

If you think you are going to go home and enjoy your Easter recess and earn the thanks and the plaudits of the middle Americans for doing something like this, I think you are greatly mistaken.

It was a great former ambassador from America to India, Daniel Patrick Moynihan, who wrote:

The Federal Government has proved that it is very, very able when it comes to collecting money, when it comes to siphoning off the tax funds not just from middle America but from every segment of our society but we have proved that we are less than good at designing Federal programs.

We have lost the respect of this country for Congress in large part because of our failure to design delivery systems for Federal programs that will target in on those areas of real need and we are going to compound that error this afternoon in the kind of legislation that is proposed here.

I do not know what kind of stuff we are drinking. I guess we would call it "Old Deficit" and we do not know whether it is 75 billion proof or 100 billion proof at this point, but it is pretty heavy stuff. What we are going to do is to lock us into a program that is going to hit us not just in fiscal year 1976 but also in fiscal year 1977 and fiscal year 1978 when we are on the path to recovery and then I suggest we watch middle America and see what they have got to say about this program and what has been done to reestablish and reignite double digit inflation.

Mr. O'HARA. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I have been here quite a while. I thought I was hard

to surprise. But I am a little surprised to find some of my friends who just a few weeks ago fought so determinedly for the biggest tax rebates to the fattest taxpayers; who have fought doggedly to maintain special privileges; who sought to oppose the minimum tax on high-income taxpayers; who fought to maintain the oil depletion allowance; are now telling us that they are against a subsidy in the school lunch program because some of those same high-income taxpayers they've been fighting for might have children who benefit from it.

They strain at the equalized gnat and swallow the subsidized camel. What then is the real reason they are opposed?

Mr. Chairman, the children of the rich, the country club set, are not standing in a cafeteria line in a public school buying a class A lunch. If they are there at all, they are at least buying the ala carte, not the subsidized class A lunch. I doubt that the exclusive prep schools are running school lunch programs. The plain fact of the matter is that they are opposed to the further subsidy of this lunch program for the children of ordinary working class citizens. That is what it amounts to.

They are perfectly willing to subsidize the lunch if the family income does not exceed \$8,300, but if a family is making \$9,000 or \$10,000, or \$11,000, they are supposed to be flush. They supposedly do not need the help of our great Government.

I do not see anything wrong with the Congress appropriating money for highways, even if a few Cadillacs drive down them. I do not see anything wrong with the Congress appropriating money for schools, even if a few wealthy children attend them.

What this Congress should be about is providing for the common welfare, trying to build a better country, to extend benefits to all those that need them, to help those who want and need help. Over 90 percent of the children involved come from families with incomes of less than \$25,000 a year. I do not share the view that we should economize by literally taking food out of these children's mouths.

This program was conceived to subsidize the lunch of every child, without regard to income. The committee simply proposes that we increase the amount of the subsidy. The Federal share has been slipping. It has gone from 31 percent of the cost of a lunch to 21 percent. We are now paying a smaller share of the cost of school lunches for the average child than we were in 1946. All we are proposing to do is build up that Federal contribution to make it somewhat more comparable to what it was. I ask that the amendment of the gentleman from Pennsylvania be defeated.

Mr. BUCHANAN. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I feel like Alice in Wonderland. It just gets curioser and curioser. I am a cosponsor of the bill which was introduced, which was the original bill of our hearings, sponsored by the chairman of our great committee, and sponsored by my friend, the gentleman from Washington.

I am now informed that that bill

standing alone would gut the school lunch program, that without the addition made at the 11th hour after the subcommittee had marked up the bill, which did not include the provision of the gentleman from Michigan (Mr. O'HARA), that to enact the program that is now helping schoolchildren all over the United States, as strengthened by the original provisions of this bill, would gut the program. Mr. Chairman, the school lunch program is at present designed to help those children who are in need, with free lunches for those from families of lowest income and reduced price lunches for children of families of low income. Under the provisions of the original Perkins bill there would be included in this latter category children from four-child families with incomes as high as \$10,200.

Mr. Chairman, who are the people who will be benefited by the bill as it will be amended by the gentlewoman from New York, whose amendment I will support, or as it stands without the O'Hara provision? Those children in greatest need will receive increased help, and we will strengthen the school lunch program. Who will be benefitted by the now \$500 million provision of the revised O'Hara amendment? Those families who are middle and upper income families.

Mr. Chairman, I would point out that we have done a lot of things with figures here today. About 90 percent of the taxes in this country are paid by people with incomes of \$10,000 and above. About 51 percent of the taxes are paid by those with incomes of \$20,000 and above. If these are the people who pay the bulk of the taxes, why should we not dole out largess to their children, to help them by subsidizing the school lunch program for these people? I will tell the Members why.

Most of the people I represent whose incomes are \$10,000 and above understand this simple fact: Government can only give to the people that which it has first taken from the people, or borrowed to be paid back in future taxes.

Let me tell my friends something: We cannot give the families of my congressional district anything that the taxpayers are not ultimately going to pay for. Who then shall we seek to help through tax dollars raised from the people in this \$10,000 and above income, in this category which pays 90 percent of the taxes?

I say, let us give the money where it is needed most, and let us not try to deceive the people with the tax and tax, spend and spend philosophy of government. Let us not enter upon the folly of trying to persuade our sophisticated taxpayers, who see our economic crisis, that somehow we are going to give them free lunches that they will not have to pay for with tax funds, with overcharges added for Federal bureaucracy, waste, redtape and confusion.

Let us understand what the people need from us is responsibility, fiscal responsibility in government by applying the Federal money where it will do the most good and withholding from spending further in unnecessary ways at a time when we have contributed to a situation when already 63 percent of the available supply of capital in this coun-

try is consumed by the Federal government trying to carry its burden of debt.

This is a problem of our economy because of our inflationary spending and deficit spending. It has added greatly to the economic distress of all Americans. In fact, by such profligate spending, we have helped to create an inflation that is the crudest tax of all upon all American families.

I say to the Members of the committee that if they want to do the taxpayers with incomes of \$10,000 and above a favor, then they should vote for the Goodling amendment. If they want to do that which is compassionate and will help children, they will also vote for the Chisholm amendment when it is offered, and let us put the Federal money where it will do the most good in meeting the needs of children who have need, and let us do the taxpayers with incomes of \$10,000 and above the great favor of not giving them any more of our help.

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

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

Mr. LAGOMARSINO. Mr. Chairman, I would like to associate myself with the remarks of the gentleman from Alabama, and compliment him for his statement.

Mr. Chairman, yesterday I asked my colleague, the gentleman from Minnesota, whether the amendments to the school lunch program provided in H.R. 4222 would make anyone earning \$42,500 a year, eligible for 25-cent school lunches for their children. He replied it would, and agreed that in that respect it could be considered another fringe benefit for Congressmen. Now the remark was partly facetious, but it does indicate the nature of the issue before us. No one, myself included, is opposed to the school lunch program. H.R. 4222 authorizes a permanent school breakfast program, free lunches to children of unemployed parents, expansion of the daycare and preschool meals program, and expansion of the special supplemental feeding program for women, infants, and children. I support each of these proposals.

However, I think we have to draw the line at the provision giving 35-cent lunches to anyone, regardless of family income. Congressmen do not need to have their children's lunches subsidized. Neither do corporation presidents, South American diplomats, and others who would be eligible under this bill. As a matter of fact, the committee admits that a typical upper income family would get more benefit out of the 25-cent lunch proposal than from the proposed tax rebate bill. Given other pressing educational and nutritional needs in our country, I question whether the one-half billion dollar a year this provision will cost is the wisest or highest priority use of these funds.

The bill already provides free or reduced price lunches to children of families making 2½ times above the poverty level. And rich kids already get their lunches subsidized by an average of 44 cents each meal under the existing program. So how can this billion dollar give-away be justified?

March 25, 1975

Yesterday I had an interesting experience. I ask a class of schoolchildren from my district who were visiting in Washington how I should vote on this provision. They overwhelmingly agreed it would be a waste of a billion dollars. Perhaps we should have the kids in here voting, to restore some commonsense.

Mr. CHAIRMAN. I urge a yes vote on Mr. GOODLING's amendment to strike this provision.

Mr. FORD of Michigan. Mr. Chairman, I rise in support of the National School Lunch Act and the Child Nutrition Act Amendments of 1975, which I have joined with Chairman PERKINS and other Members in cosponsoring.

In addition to extending the school lunch program; the day care feeding program; and the women, infant, and children, WIC, feeding program, this legislation will make the breakfast program a permanent one and will roll back prices students must pay for hot lunches to a maximum of 35 cents.

It also contains two amendments which I authored—one which will make children whose parents are unemployed eligible for free lunches, and the other which will extend and strengthen the summer food program. The legislation will also enhance and expand participation of children in child care and preschool institutions and expand the eligibility for reduced-price lunches.

Since its inception in 1946, the national school lunch program has had the single purpose of improving the nutritional status of all children in school. Through all of the years since 1946, Federal assistance in the form of cash payments and federally donated foods has been provided by Congress in order to permit the sale of lunches well below production costs to any child wishing to participate.

Over the past 29 years, the school lunch program has been expanded to include such programs as the school breakfast program; the women, infant, and children feeding program; and the special milk and nonschool food service program.

Millions of children—needy and non-needy—have participated in the program.

However, because the cost of producing lunches has increased by some 70 percent just since 1967, most schools have been forced to realistically increase lunch prices for those who pay. As a result, more and more parents are unable to stretch their budgets so their children can eat lunch at school, and because Federal payments have not increased in proportion to the increased costs which are passed along to the children, many students are dropping out of the program.

Mr. CHAIRMAN, at my request, the Wayne County, Mich., Intermediate School District has provided me with statistics which indicate that many of the schools in my own congressional district are not presently participating in the Federal school lunch program. This means that students in these schools either do not have free lunches available or they are being served lunches which do not meet the minimum standards required by the program.

According to this report, none of the schools in the Woodhaven, Livonia, and

Flat Rock School Districts are participating in the program, nor are any of the elementary schools in the Inkster, Wayne-Westland, Crestwood, Dearborn Heights No. 7, and Garden City Districts.

In addition, I have learned that some of our biggest high schools, such as Robichaud in the Westwood District, Wayne Memorial in the Wayne-Westland District, and Huron High School in the Huron District are not participating. With the adoption of this legislation, hopefully more of these schools will be able to participate.

Mr. CHAIRMAN, two amendments contained in this legislation will be especially helpful to my congressional district which is presently experiencing one of the most severe unemployment problems in our history. The first of these, my own amendment, provides that a child shall be eligible for a free or reduced-price meal during a period when his or her parent is unemployed. This amendment alone should make lunches available to thousands of children in my district who are presently ineligible.

Another important amendment, which was sponsored by my good friend and distinguished colleague (Mr. O'HARA), and included in modified form in the final version of the bill we are about to vote on, provides that no child will have to pay more than 35 cents for a lunch. This amendment will be especially helpful to the middle and lower income family with several children attending school. It could save them as much as 25 cents per day per child—a savings which is extremely important during this time of inflation and unemployment.

Mr. CHAIRMAN, it seems that each time I rise in support of legislation lately I find myself reciting to this body the frightening unemployment reports from the Detroit metropolitan area, and each time I do so the figures become more alarming. But I simply cannot emphasize enough the urgent need for Federal legislation which provides relief for the thousands of families in our State, suffering from unemployment. The latest figures tell us that nearly one out of every five workers in the Detroit area is without a job.

The financial relief that this legislation will provide for many of these families will probably be as significant as the much discussed and heralded tax rebate we are working on—and they need this relief immediately.

This bill is supported by a broad spectrum of organizations, including the UAW, the AFL-CIO, the American Federation of Teachers, the National Education Association, the National School Boards Association, and the American Parents Committee. It is my hope that my colleagues from both sides of the aisle will now join me in voting for its final passage so it can become law as soon as possible.

Mr. BLANCHARD. Mr. CHAIRMAN, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The CHAIRMAN announces that he will vacate proceedings under the call when a quorum of the committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The committee will resume its business.

The CHAIRMAN recognizes the gentleman from Kentucky (Mr. PERKINS).

Mr. PERKINS. Mr. Chairman, I ask unanimous consent that all debate on the Goodling amendment close in 20 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

Mr. QUIE. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. PERKINS. Mr. Chairman, I ask unanimous consent that all debate on the Goodling amendment close in 30 minutes, with the last 5 minutes to be reserved for the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The CHAIRMAN. Members standing at the time the unanimous consent request was agreed to will be recognized for approximately 1½ minutes each.

The CHAIRMAN recognizes the gentleman from New York (Mr. PEYSER).

Mr. PEYSER. Mr. Chairman, I only take the floor at this time because when my friend, the gentleman from Michigan (Mr. O'HARA), was speaking before, he outlined a number of things, and he pointed toward this side of the aisle, intimating we were supporting and trying to preserve the income of high-income taxpayers and preserve oil depletion, and other things of this nature.

I wish to point out that these generalities often do not hold up, and they certainly do not hold up in my own instance, because not only do I not fight for any of the things he was speaking of, but I voted against most of them.

Also, as to my own children, five of my kids, all of whom have gone to public school, primarily brown-bagged it as far as lunch is concerned and always have, by their option.

Mr. CHAIRMAN, I am a strong supporter of every one of these educational and school programs and school lunch programs. I am a cosponsor of this legislation. However, I do think that if we want to measure our priorities today, the \$500 million that we are talking about to go into subsidizing the middle- and upper-middle and high-income groups is really being poorly spent. Frankly, I would much rather see \$500 million go into summer programs for senior citizens if you will, summer jobs for young people, and many other things.

Therefore, Mr. CHAIRMAN, I urge that the membership support this amendment of the gentleman from Pennsylvania (Mr. GOODLING).

The CHAIRMAN. The CHAIRMAN recognizes the gentleman from Vermont (Mr. JEFFORDS).

Mr. JEFFORDS. Mr. Chairman, I rise to support the Goodling amendment and in opposition to the O'Hara amendment.

I agree with those that state that if we are to spend more, there are many more important areas to increase spending.

For instance, I am told that over 60 percent of the handicapped children in America do not receive the special educational services they need. With this money we seek to spend here, we could provide that need.

If we want to talk about nutrition, why not fully fund the WIC program? It is more important to intervene in nutrition when a child is very young and an adequate nutritional base must be set to avoid brain damage. We could more than double that program with this money.

Let us look at the Older Americans Act. We only spend in all those programs about one-half of what we will be spending under the O'Hara amendment.

There is no way we can justify this increased spending by the O'Hara amendment.

I cosponsored the original bill to aid and expand the school lunch program. I support the program. I support extension of help to low and lower middle-income people, and the other extensions in this bill.

But my objections go beyond this distorted approach to priorities.

I also object to the way this additional spending is distributed. I believe you will be disturbed when you understand what this bill does.

We are adopting here a system of subsidies which is attached to the price of the lunch and not to the cost of the lunch. This is going to lead to extreme difficulties, and ones very difficult to explain.

First, we have a problem of a built-in incentive to give a lousy lunch, and this is a bill which is supposed to aid nutrition. The incentive for a lousy lunch exists, because if the school district cuts the cost of the lunch, they will still get the subsidy and be able to use it anywhere they want. Therefore, the incentive will be for school districts to cut the cost in order to get additional money for some other program. When I discuss below the problem created wherein school districts that presently subsidize school lunches are penalized, the ridiculousness of this approach will be emphasized.

Second, if one is from an urban area, they cannot support this approach.

If one looks around the country, he will find that we are going to be giving 100 to 150 percent more in subsidies to the suburban areas where the wealthier people live than to the urban areas. We can verify that simply by looking at the District of Columbia and surrounding areas.

For example, at one elementary school in the District, the price of a regular school lunch is 35 cents and the price at one high school is 40 cents. In Montgomery County, one elementary school charges its pupils 55 cents for a regular lunch and one junior high has a price of 60 cents on its lunch. In Arlington, one elementary school's regular lunch price is 50 cents and the price at a junior high school is 55 cents. Prices in Prince

Georges County and in Alexandria are similar.

These figures highlight very clearly the inequities that will arise if the O'Hara substitute is approved. The respective schools in the District of Columbia would receive the minimum subsidy of 10 cents while some of the schools in the wealthy, bordering suburban districts would receive subsidies of 20 cents and 25 cents. I ask the question: Is this really helping those who need help the most?

I would like to bring to the attention of the Members still another substitute and inequity which the O'Hara substitute would create. Because this subsidy is pegged to the price of a school lunch rather than its cost, towns which have kept the prices of their school lunches low by paying a local subsidy would be penalized for their initiative. They would receive lower subsidies based on the lower price of their lunches while school districts not providing a local subsidy and having higher priced lunches would receive more money.

In one city in the State of Vermont, Montpelier to be exact, the community has decided to hold down the price of its lunch. I understand that it costs 76 cents to produce the lunch that elementary students buy for 40 cents. After you calculate the State and Federal subsidies already provided, you realize that Montpelier is underwriting the cost of one regular lunch to the tune of 22 cents. Under the O'Hara substitute, Montpelier would receive only the minimum supplemental payment of 10 cents based on its 40-cent price.

There is another school district that I know of in my State which has no local subsidy for its regular lunch program and charges 40 cents for its lunch. It also would receive 10 cents as well, but this 10 cents would go further than Montpelier's, because this school district is not burdened by a local subsidy. The O'Hara substitute's payment to Montpelier would not even equal the local subsidy. In effect, because Montpelier kept its price low by providing a local subsidy, instead of allowing the price to rise, it loses the opportunity to gain an additional 17 cents in Federal subsidies. In other words, it is penalized for its initiative rather than rewarded. We have already heard from the gentlewoman from Hawaii (Mr. MINK), that the entire State of Hawaii would fall into this predicament under the O'Hara substitute.

It seems to me that if any of the Members' communities, and most of them in my district do, have local subsidies, they will be treated very, very unfairly relative to any community that does not have subsidies, because the local subsidies will not be reimbursed under this program. Therefore, we are going to have a lot of explaining to do back in our districts if we do not vote for the Goodling amendment and if we vote in favor of the O'Hara amendment.

(By unanimous consent, Mr. SARASIN yielded his time to Mr. QUIE.)

Mr. GIAIMO. Mr. Chairman, I rise in support of the amendment.

(By unanimous consent, Mr. GIAIMO yielded his time to Mr. QUIE.)

(By unanimous consent, Mr. MOTTI yielded his time to Mr. PERKINS.)

(By unanimous consent, Messrs. ROUSSELLOT and SYMMS yielded their time to Mr. GOODLING.)

The CHAIRMAN. The Chair recognizes the gentleman from Iowa (Mr. GRASSLEY).

Mr. GRASSLEY. Mr. Chairman, I rise in support of the amendment.

(By unanimous consent, Mr. GRASSLEY yielded his time to Mr. GOODLING.)

The CHAIRMAN. The Chair recognizes the gentleman from Iowa (Mr. HARKIN).

Mr. HARKIN. Mr. Chairman, I rise in support of the O'Hara amendment, and oppose the Goodling amendment.

(By unanimous consent, Mr. HARKIN yielded his time to Mr. PERKINS.)

The CHAIRMAN. The Chair recognizes the gentleman from South Carolina (Mr. DAVIS).

Mr. DAVIS. Mr. Chairman, I rise in opposition to the amendment.

(By unanimous consent, Mr. DAVIS yielded his time to Mr. PERKINS.)

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota (Mr. QUIE) for 6 minutes.

Mr. QUIE. Mr. Chairman, if we adopt the Goodling amendment I believe the substitute makes this a good bill.

The gentleman from California (Mr. MILLER) was talking about the WIC program, which has been an experimental program, and it has shown that it is a very beneficial program. It is the only part of this bill that is authorized where an appropriation can be refused. The rest of the bill will have to go through the appropriations process, but if there is not enough money to take care of it then undoubtedly we will have a supplemental.

But at least all the \$250 million will be dependent on appropriation.

This is such a good program that in Minnesota the State Legislature is working on a similar proposal to be paid out of State funds.

I think if we are going to make an increase in expenditures it ought to be to help the individuals through the WIC program that it is proposed to help, but not to go to subsidies for middle-income and high-income people.

The gentleman from Michigan talked about this being a program to help the working people. We have been increasing the subsidies for the working people through the years. In 1965 the subsidy for school lunches from the Federal Government was 12.9 cents. We raised the subsidy from the Federal Government to 21.75 cents in 1975. That is the kind of increase that has been brought about. But the reduced-cost lunch, which will be mandatory under the amendment offered by the gentlewoman from New York, is available to anyone who is above the 125 percent of low income up to the 200 percent of low income.

What that means is a family of four below \$10,020 income can get the lunches for their two children for 20 cents.

For three children, or a family of five, earning \$11,460, they can get reduced price lunches. With a family with four children, they can have an income of \$12,980. A family with five children can have an income of \$14,320. A family with six children can have an income of

\$15,660, and a family of seven children can have an income of \$16,880. That is the income below which they can get a free or reduced-cost lunch. The reduced price is 20 cents.

The gentleman from Washington said that the Goodling amendment would gut the program. We have a program that increases in participation every year, according to the table on page 10 that is in the committee report of this bill.

The 25- or 35-cent limit on a lunch was not a part of the bill that was introduced.

It was not a part of the bill that came out of the subcommittee. There was a quick hearing one morning in which some individuals came in and made a recommendation for a 25-cent limit on the lunch, and that was quickly adopted in the full committee. There was no deep consideration, no opportunity for witnesses who were in opposition to the 25-cent amendment to appear before the committee. That is all the consideration that the committee gave.

This program will function well without that 35-cent maximum on the lunch that is in the O'Hara substitute for the 25-cent maximum on the lunch in the bill that came out of the committee. The remainder of the bill, which substantially increases the cost of the School Lunch and the Child Nutrition Acts, which most of us support, to about \$800 million, I think, is warranted, and that is what we ought to be putting across here today rather than this subsidy that is made available for those who can afford to pay for the lunches of their children. The children are their responsibility. They are already receiving, as I indicated, 27 cents subsidy, the Federal, plus the State-mandated amount, and that is as far as we ought to go.

This program will function well. The Goodling amendment is important to it, and I urge my colleagues to support the Goodling amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania (Mr. GOODLING).

Mr. GOODLING. Mr. Chairman, just in case there are some people in the audience now who were not here before, I want to make very, very sure that we do not have anyone here who thinks we are taking away motherhood, ice cream, the flag, America, or anything of that nature. I think it is very, very important that we understand that the only thing my amendment does is to eliminate something that was decided upon either last night or this morning, and I am not sure because I was not invited to the party.

We have an excellent bill, an excellent school lunch program. It has proven itself over the years. We have improved upon it this year. All of those good things will remain, all of the additional things that we just heard mentioned on either side of the aisle that have been added will remain. The only provision that my amendment attacks is the provision that we tell local school districts that they may not charge more than 35 cents for a school lunch, and then we in turn subsidize the difference.

I also attack what I feel is an understanding that is incorrect, and that is

the idea that there is a declining participation in school lunch programs. There has been a change today in some of this thinking where they are pointing out that it is not necessarily that there has been a decline in the school lunch program participation but that some schools are no longer participating.

I know one or two of those, and they come from very affluent districts where they have decided that the youngsters can pay the difference, where they have put a machine on the wall which serves their sandwiches and their salads—beautiful lunches. So it is not the people who need the free and reduced-price lunches that would suffer in any way, shape, or form.

I mentioned many times that there are many other reasons why youngsters are not participating.

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

Mr. GOODLING. I yield to the gentleman from Connecticut.

Mr. GIAIMO. I thank the gentleman for yielding.

There seems to be some confusion here because, after all, this substitute has been seen by many of us as of only several hours ago. But is it not true that the gentleman's amendment will only eliminate section 4 of the bill, which is the O'Hara Amendment so-called? It will not harm in any way existing programs which are presently in section 4 of the act?

Mr. GOODLING. That is totally correct. It only eliminates the addition that was made, as I said, either during the night or this morning; it does not touch the existing program or the many, many excellent improvements to the program, some of which came from both sides of the aisle.

But there is some concern that the gentleman's amendment may go beyond the new portions which are suggested and affect existing programs under the act.

Mr. GOODLING. My amendment, the gentleman is correct, affects only the new section, section 4. And so I again merely say I think we have a tremendous responsibility to those people in need, but we certainly should not make sacrifices at this particular time, which as I mentioned before, in the public eye will look as if we are earning \$42,000 a year or whatever it is, and that is pretty tough to live on when we have to maintain a home back home and a home down here, but the people back home do not understand that, and so they will look on this as if we will be having another chance to get a little more out of the till.

Mr. QUIE. Mr. Chairman, if the gentleman will yield I compliment the gentleman for his outstanding statement he is making now and for the one he made earlier today and for what he did yesterday, and also for the outstanding work he has done on the Committee on Education and Labor. This is a rare opportunity for us to have a person who has been in the school system and who has been a superintendent of schools and who knows what he is talking about and have him address us on the school lunch program. You are an outstanding Member of Congress and member of the committee. I commend the gentleman for the

work he has done and I hope my colleagues will listen to him.

Mr. GOODLING. I thank the gentleman very much. I assure the gentleman when I am in the Small Business Committee meeting I am extremely quiet, but I do think because of my 23 years of experience in the school business I have something to offer here and this is why I am making my point so strongly here today.

The CHAIRMAN. To close the debate the Chair recognizes the gentleman from Kentucky (Mr. PERKINS).

Mr. PERKINS. Mr. Chairman, I yield 1 1/2 minutes to the gentleman from Illinois (Mr. HALL).

Mr. HALL. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I rise in support of the amendment offered by the gentleman from Michigan (Mr. O'HARA) and in opposition to the amendment offered by the gentleman from Pennsylvania (Mr. GOODLING).

I too, like the gentleman from Pennsylvania, have been in public school education. I cannot say that I was ever a superintendent, but I was a principal for 2 years and I was also a teacher for 14 years and I was a school lunchroom sponsor for 2 years. That does not make me an expert, I know, by any means.

I would like to throw out the old quip that after all is said and done, there is usually more said than done. And after all when we get right down to the nitty gritty, what do we have here? We have men and women in a legislative body who are imperfect and who are trying to make perfect legislation. And it will never come out that way in spite of what we say and do. But if we have any reason here we can surely make perfections along the way or make improvements along the way.

I have been very silent both in the committee and on the floor for the last week or so when we have been talking about the school lunch program. I have heard it said that a great many children throw their food away. That is true. I have stood in a lot of lines and I have watched children throw good food away, but I have also stood in line and watched the children go back for seconds and thirds, and I was convinced by any rhyme or reason I could possess that it was the best meal those kids would have all that schoolday.

I suppose Members have heard that old horse chestnut argument that Lincoln referred to which goes like this: The horse chestnut argument is a fantastic arrangement of words by which you make a horse chestnut come out the same as a chestnut horse.

As I have understood the school lunch program from the beginning, it is to give a well balanced lunch to schoolchildren of this country, and let us not discriminate against the schoolchildren of America because their dads may make more than \$10,000 a year.

Mr. PERKINS. Mr. Chairman, first let me state that the vast bulk of Federal spending—almost three-fourths of the funds of the Federal repeating programs—go to needy children and their families.

I certainly want to pay my respects to

the distinguished gentleman from Minnesota (Mr. QUIE) for his untiring efforts throughout the years in making free lunches available, reduced price lunches, and supporting various other feeding programs for the needy.

I want to further state that it will be my intention some time later on this year to visit the district of the gentleman from Pennsylvania (Mr. GOODLING), where we can have an opportunity to talk to some of these children and observe the type of school lunch programs being conducted in the home district of the gentleman from Pennsylvania (Mr. GOODLING). I would expect that we would not witness any of the waste that has been described here, but, nevertheless, the amendment of the gentleman from Pennsylvania (Mr. GOODLING) will not benefit—rather it will destroy the effectiveness of everything that we have built up here in the past 30 years in the way of an effective school lunch program. I do not say that with any disrespect to anyone.

The school lunch program was conceived for all children. We are talking about a lunch program for children of the parents who work in the shoe factories, and parents who work in the steel mills. There would be 35-cent lunches for children of parents who work in the automobile factories, 35-cent lunches for children of parents who work in the garment plants. That is where 95 percent of these meals in these categories go, to working people's children. To try to say that we are subsidizing children not in need is not so. What we are doing is giving nutritious meals for children to attract them to the school lunch program where they can be healthy and stop some of these remedial medical payments that we are spending here in this Congress by the hundreds of millions of dollars, by giving a nutritious meal to these children. What is wrong with that?

We send hundreds and hundreds of millions of dollars—even billions of dollars—abroad for feeding and here we say at home we cannot have a healthy school lunch program. The reason I use the word healthy is that this program has commenced to become unhealthy, because the regular program kids—the children's parents who work in the shoe mill factories—cannot afford to pay for these lunches, and they are being priced out of the school lunchroom. As a result, the school lunch program, the regular school lunch program, goes under. Then what happens to the needy and to the reduced price lunches? These programs likewise go under when the regular program fails. So we are trying to balance out a program for the health and the welfare of the children in America and get away from class distinctions.

Yes, these needy—the ones who are the most needy—the most disadvantaged, deserve first consideration; and we must give them first consideration. We have guaranteed them almost an 85-cent subsidy, where we have only guaranteed a 21- or 22-cent subsidy for the lunches served in the regular school lunch program.

That is what we are trying to do here today, to strengthen the whole school

lunch program by the O'Hara amendment. Throughout the years, we have spent section 32 funds for the strengthening of the needy in the school lunch programs. We brought those earlier bills on this floor under suspension of the rules. Numerous members on this committee today were cosponsors of that legislation.

But, it was never conceived that we should not subsidize, and at a reasonable price, the children of the millworker in the regular lunch program.

Mr. Chairman, the Goodling amendment should be defeated overwhelmingly.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. GOODLING) to the amendment in the nature of a substitute offered by the gentleman from Michigan (Mr. O'HARA).

The question was taken; and the Chairman being in doubt, the committee divided and there were—ayes 52, noes 24.

#### RECORDED VOTE

Mr. O'HARA. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 269, noes 144, not voting 19, as follows:

[Roll No. 93]

AYES—269

Abdnor	de la Garza	Hughes	Abzug	Fulton	Nolan
Adams	Delaney	Hungate	Addabbo	Gaydos	Oberstar
Anderson, Ill.	Derrick	Hutchinson	Alexander	Ginn	O'Hara
Andrews, N. Dak.	Derwinski	Hyde	Ambro	Gonzalez	Ottinger
Archer	Devine	Jacobs	Anderson, Calif.	Green	Patten
Armstrong	Dickinson	Jarman	Andrews, N.C.	Hall	Patterson, Calif.
Ashley	Diggs	Jeffords	Annunzio	Hanley	Pepper
Aspin	Downing	Johnson, Calif.	AuCoin	Hannaford	Perkins
Bafalis	Duncan, Oreg.	Johnson, Colo.	Badillo	Harrington	Preyer
Baldus	Duncan, Tenn.	Jones, Ala.	Barrett	Hayes, Ind.	Price
Bauman	du Pont	Jones, Okla.	Baucus	Hays, Ohio	Randall
Beard, Tenn.	Early	Jones, Tenn.	Beard, R.I.	Hefner	Reuss
Bedell	Edgar	Jordan	Breaux	Helstoski	Rosenhoover
Bell	Edwards, Ala.	Kasten	Biaggi	Henderson	Rodino
Bennett	Emery	Kelly	Bingham	Hicks	Roe
Bergland	English	Kemp	Blanchard	Holtzman	Roncalio
Bevill	Esch	Ketchum	Boogs	Howard	Rooney
Biester	Eshleman	Keys	Bonker	Jenrette	Rose
Blouin	Fenwick	Kindness	Brademas	Jones, N.C.	Rosenthal
Boland	Findley	Krebs	Breax	Karth	Santini
Boiling	Fish	Krueger	Breckinridge	Kastenmeier	Sarbanes
Bowen	Fithian	LaFalce	Brinkley	Kazan	Scheuer
Brodhead	Flowers	Lagomarsino	Brooks	Koch	Simon
Broomfield	Flynt	Landrum	Brown, Calif.	Leggett	Slack
Brown, Mich.	Ford, Tenn.	Latta	Burke, Mass.	Lehman	Solarz
Brown, Ohio	Forsythe	Lent	Burton, John	Litton	Stanton, James V.
Broyhill	Fountain	Levitas	Burton, Phillip	Long, La.	Stark
Buchanan	Frenzel	Lloyd, Calif.	Carney	Long, Md.	Steed
Burgener	Frey	Lloyd, Tenn.	Carr	McHugh	Stuckey
Burke, Calif.	Fuqua	Lott	Corman	Macdonald	Symington
Burke, Fla.	Giaimo	Lujan	Cornell	Madden	Thompson
Burleson, Tex.	Gibbons	McClory	D'Amours	Matsunaga	
Burlison, Mo.	Gilman	McCloskey	Daniels, Dominick V.	Meeds	Thornton
Butler	Goldwater	McCormick	Davis	Melcher	Traxler
Byron	Goodling	McDade	Dellums	Metcalfe	Udall
Carter	Gradison	McDonald	Dingell	Miller, Calif.	Ullman
Casey	Grassley	McEwen	Downey	Mineta	Vanik
Cederberg	Gude	McFall	Drinan	Minish	Vigorito
Chappell	Guyer	McKay	Eckhardt	Moakley	Waxman
Chisholm	Hagedorn	McKinney	Edwards, Calif.	Moffett	Weaver
Clancy	Haley	Madigan	Ellberg	Mollohan	Whalen
Clausen, Don H.	Hamilton	Maguire	Evans, Ind.	Moorhead, Pa.	Wilson, Charles H.
Clawson, Del.	Hammer-schmidt	Mahon	Fascell	Morgan	Calif.
Clay	Hansen	Mann	Fisher	Mottl	Wilson, Wilson,
Cleveland	Harkin	Mathis	Flood	Murphy, N.Y.	Charles, Tex.
Cochran	Harris	Mazzoli	Florio	Natcher	Wolf
Cohen	Harsha	Meyner	Foley	Neal	Yatron
Collins, Tex.	Hastings	Hebert	Ford, Mich.	Nedzi	Young, Alaska
Conable	Hébert	Hechler, W. Va.	Fraser	Nix	Young, Ga.
Conlan	Heckler, Mass.	Michel			
Conte	Heckler, Mass.	Mikva			
Conyers	Heinz	Milford			
Cotter	Hillis	Miller, Ohio			
Coughlin	Hinshaw	Mink			
Crane	Holland	Mitchell, Md.			
Daniel, Dan	Holt	Mitchell, N.Y.			
Daniel, Robert W., Jr.	Horton	Montgomery			
Danielson	Howe	Moore			
	Hubbard				

#### NOT VOTING—19

Ashbrook	Hightower	Runnels
Collins, Ill.	Ichord	Selberling
Dent	Mills	Shipley
Erlenborn	Mosher	Skubitz
Evans, Colo.	Murphy, Ill.	Steiger, Ariz.
Evins, Tenn.	O'Neill	
Hawkins	Passman	

So the amendment was agreed to.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MRS. CHISHOLM TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. O'HARA

Ms. CHISHOLM. Mr. Chairman, I offer an amendment to the amendment in the nature of a substitute.

The Clerk read as follows:

Amendment offered by Mrs. CHISHOLM to the amendment in the nature of a substitute offered by Mr. O'HARA: On page 7, beginning on line 5, strike out everything down through line 8, and insert in lieu thereof the following:

(b) Section 9(b) of the National School Lunch Act is amended by—

(1) striking out ", if a school elects to serve reduced-price lunches" in the fifth sentence,

(2) inserting immediately after such fifth sentence the following new sentence: "Any child in any school in a State who is eligible for a reduced price lunch under income guidelines prescribed for schools in that State under the preceding sentence shall be served a reduced price lunch.", and

(3) striking out "75 per centum" in the last sentence and inserting in lieu thereof "100 per centum".

Ms. CHISHOLM. Mr. Chairman, I know that there has been a great deal of confusion in the past few days with regard to the National School Lunch Act in terms of many of the amendments that have been offered, and in terms of the advice that people have been asking of each other, that you are damned if you do, and you are damned if you do not. So I want the Members to listen very carefully to my explanation with respect to this particular amendment.

We want to be very sure that those youngsters who are in the most need in terms of the benefits from the national school lunch program will be taken care of. The schools that have had the school lunch program must offer free lunches to children who qualify by having an income below the level set by each State. States must set an income level for free lunches no lower than the poverty line and are allowed to set that limit no higher 120 percent of that poverty line.

Schools may also offer lunches at a reduced price to children of families with incomes up to 175 percent of the poverty line. However, these schools are not required to do so.

H.R. 4222 deals with the reduced-price program in another excellent provision. This provision allows States to set the income limit for reduced-price-lunch-program eligibility at up to 200 percent of the poverty line.

The poverty line is currently \$4,500 for a family of four, but it is expected to be raised to \$5,000 by the next school year. Therefore, the bill would currently allow as eligible for reduced-price lunches children from families of four with incomes up to \$10,000 per year.

My amendment would eliminate the O'Hara amendment and require schools to offer reduced-price lunches to eligible children just as schools are required to offer free lunches to children who are beneath the poverty line.

This provision costs one-half as much as the O'Hara 35-cent ceiling and offers twice the benefits.

This provision is crucially important for working families in the area of \$6,000 to \$10,000 per year income range. At present these families do not qualify for free lunches, but in addition the schools that these children attend often do not offer a reduced-lunch option. Therefore, these children have to pay the full price of the lunch, which now averages about 45 cents a lunch, and under the 35-cent ceiling provision of the O'Hara amend-

ment, these families would only get a break of 10 cents a lunch.

Under my amendment these children from these families would be eligible for reduced-price meals in all schools, which means they would have to pay only 20 cents for lunch, or in many schools only 10 or 15 cents a lunch. My amendment would be two or three times more beneficial to these families who are living on fixed income, small farmers, and others who have been among the hardest-hit segment of our population.

Presently 500,000 children a day receive reduced-price lunches. Under my amendment we estimate that 2.5 to 3.5 million additional children from low-income working families would enter the reduced-price program, and this would cost from \$200 to \$250 million, a saving of approximately \$300 million from the 35-cent ceiling under the O'Hara amendment.

Basically what the amendment attempts to do is to make sure that the schools in all of the school districts of this country now engage under this amendment in a mandated responsibility of actually offering reduced-price lunches to the parents of the children in this particular income category.

Right now they only have the option, and we have found that in many school districts of this Nation the children in this particular income category may or may not be a part of a reduced-price lunch program, so there is nothing that is changed except mandating instead of offering an option. That is exactly what this amendment does.

The CHAIRMAN. The time of the gentlewoman has expired.

Mr. PERKINS. Mr. Chairman, I move that the Committee do now rise.

The motion was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from New York (Ms. CHISHOLM) to the amendment in the nature of a substitute offered by the gentleman from Michigan (Mr. O'HARA).

The amendment to the amendment in the nature of a substitute was agreed to.

Mr. DEVINE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, legislation by intimidation is becoming a way of life in this Congress. Put an emotionally attractive title on a bill, and most Members will vote for it for fear they will be accused of being heartless and lacking compassion, notwithstanding the devastating cost.

The Nation's school lunch program has been a very well-organized program striving to meet the needs of students. The Federal Government assistance provides free and reduced price lunches for needy students and enables schools to serve all other lunches at a reasonable cost.

Here are two flaws in the existing program: Since Federal assistance is provided, the Government requires that all students must be served all items. However, some students will not eat every item served, thus causing considerable waste.

Even though a student does not want bread or butter, or whatever the item may be, the school's cook must put it

on the plate where it will later be dumped into the trash can. Because of this provision, and a school is subject to a loss of Federal reimbursement if it does not comply, thousands of pounds of food throughout the United States are wasted each day. An amendment now directs all items must be available but if a student does not want an item it is not to be placed on his lunch tray.

Another problem with the existing program is the shipping of surplus food commodities from one end of the country to the other when they could be obtained locally. It is ridiculous to purchase products in California to be served in schools of Ohio when equal or better quality food products are available in our State. An amendment now directs these items to be purchased locally whenever possible and allows local businesses to compete in bidding for school lunch program purchases even though they may be much smaller than the giant food companies which are currently getting the lion's share of the school lunch business.

Despite the correcting of these two deficiencies in the existing program, the Education and Labor Committee went off the deep end in its efforts to decide exactly how much money the Federal Government should provide for the school program.

Some proposed free lunches for everybody without any consideration as to the family's income, and directed that school districts charge no more than 25 cents for a school lunch.

We already have free lunches and reduced-price lunches for those in need. Now the Federal Government wants to say that no matter what the income of the parents, the most the school can charge for a lunch is 35 cents. Where does the rest of the money come from? It is another Government subsidy. The "Government" will pay the difference between 35 cents and your school's lunch price as of January 1, 1975.

This will benefit those who did not try to be economical when serving lunches, since 50-cent lunches would receive another subsidy of 35 cents but 70-cent lunches would receive an additional subsidy of 35 cents. This adds a billion dollars to the Federal budget each year, in addition to the \$2 billion already being spent and the \$800 million for further expansion of existing programs.

The food service people lobbied this legislation through the committee; not the educators or school administrators. Obviously, this is another raid on the Federal treasury under the false premise that it is the responsibility of the Federal Government to feed the populace regardless of need.

The Clerk read as follows:

AMENDMENT OFFERED BY MR. KOCH TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. O'HARA

Mr. KOCH. Mr. Chairman, I offer an amendment to the amendment in the nature of a substitute.

Amendment offered by Mr. KOCH to the amendment in the nature of a substitute offered by Mr. O'HARA: Page 25, after line 25, insert the following:

WAIVER OF LOCAL CONTRIBUTION FOR COST OF EQUIPMENT

SEC. 18. The last sentence of section 5(b) of the Child Nutrition Act of 1966 is amend-

ed by inserting before the period at the end thereof the following: "except that such conditions shall not apply with respect to funds used under this section to assist schools if such schools are especially needy, as determined by the State".

Mr. KOCH. Mr. Chairman, my amendment to the bill H.R. 4222 will correct an anomaly in the Child Nutrition Act of 1966. As the law now stands, schools seeking the equipment with which to prepare hot meals must make a 25-percent contribution toward the cost of the equipment, while the Federal Government contributes the other 75 percent. However, there are some schools, financially poor public, private and parochial institutions, that cannot raise the 25 percent needed to purchase the equipment. Schools which are classified as "especially needy"—those where 50 percent of the students are from families with incomes which fall below the poverty line—are exempted from this provision, and in their cases the Federal Government provides 100 percent of the cost of the equipment. The anomaly in the law is that if an "especially needy" school has no lunch program, hot or cold, it is eligible for a waiver of the matching funds. But, if it has a cold lunch program, it is ineligible for a waiver so as to permit it to install a hot lunch program. My amendment would include "especially needy" schools which already have cold lunch programs into the "especially needy" waiver policy.

By doing this, we will be making the equipment available to those very institutions which need it the most—those whose students need a hot lunch most. By providing children with nutritionally adequate meals during their early years, we are saving society a substantial amount of money in the long run, by rearing healthier children.

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

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

Mr. QUIE. Mr. Chairman, we think this is a good amendment and we support it.

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

Mr. KOCH. I yield to the distinguished gentleman from Kentucky.

Mr. PERKINS. Mr. Chairman, we agree and will accept the amendment of the gentleman from New York.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. Koch) to the amendment in the nature of a substitute offered by the gentleman from Michigan (Mr. O'HARA).

The amendment was agreed to.

The CHAIRMAN. Are there further amendments?

Mr. VANIK. Mr. Chairman, I would like to commend the committee for reporting out this bill so promptly. The early passage of this legislation will permit our Nation's schools and child feeding centers to plan adequately for this fall's programs.

I would also like to thank the committee for their fine work on the special food service program—the old section 13 of the School Lunch Act. This is the program which provides, first, summer feed-

ings opportunities for low-income children, and second, year-round lunches for children in preschool day care and Head Start Centers.

As we originally passed section 13 in 1968, the two programs were combined. Over the years, however, it became obvious that there are distinct, special administrative problems in the summer feeding program and in the year-round preschool program. The bill we are considering today provides for the separation of the two programs, an action which I am certain will improve the administration of both.

The bill creates a new section 16 entitled, "Child Care Food Program." The section makes a number of important improvements over the present year-round program.

First, the definition of eligible participants clearly spells out that the Congress intends the full range of preschool and special organizations to be eligible to participate. In the past, the Department of Agriculture has excluded certain groups—such as Head Start Centers—even though Congress had clearly intended that these institutions should participate.

In the new section, the definition of "institution" reads:

Any public or private nonprofit organization where children are not maintained in permanent residence including but not limited to, day care centers, settlement houses, recreation centers, family day care programs, Head Start centers, Homestart programs, and institutions providing day care services for handicapped children.

Second, the archaic distribution formula provided in the 1968 act has been eliminated. Instead of dividing the program's funds among the States—leaving some States with too much money and many others with too little—the new legislation provides that

Any institution shall receive the child care food programs upon its request.

Third, the legislation attempts to put into law the standards for eligible or "acceptable" institutions. In the past, the Department of Agriculture has provided so many regulations—and changed them so frequently—that many centers were prohibited from participating. Under this bill, an institution shall be eligible if 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.

This provision attempts to obtain the widest possible participation while insuring that the Federal child feeding programs do not subsidize unsafe and unsupervised child care centers. The reference to Federal interagency day care requirements provides a standard in those cases where the States have no existing or enforceable standards of their own. It is also important to note that the new language provides that an institution must be "moving toward" obtaining certification of tax exempt status from the Internal Revenue Service. In the past, certification had to be obtained before an institution was eligible to participate. Because the IRS forms can be

confusing to fill out properly and because there were often long delays in IRS approval, many groups were forced to drop out of or seriously delay joining the program.

Paragraph (b) of section 16 provides for a semiannual adjustment of reimbursement rates. In the past, the reimbursement rates for the special food service program went unchanged for years on end. The new provision will insure that the reimbursement rate is adjusted to keep pace with the volatile changes in the cost of food away from home. In addition, paragraph (b) provides that State educational agencies will be reimbursed on a monthly basis. In the past, the Department often delayed reimbursements for months, and on occasion, for more than a year. The result was terrible hardship for the program sponsors. In many cases, sponsors were forced into bankruptcy; many were discouraged from participating in the program because of reimbursement delays.

Today's bill also provides for a specific authorization for nonfood assistance for the child care food and the summer food program. In the past, many of these centers, especially those serving the very poor, were severely limited in the number of children they could help, because of inadequate kitchen and food storage facilities. I am hopeful that this provision will enable many of these especially low income centers to expand their child feeding programs.

From this brief description, it is obvious that the committee has made some substantial improvements in the operation of the year-round program. This program has always been a success. The committee's amendments will help make it substantially better—both in its service to children and in the ease of its administration.

Under the committee's bill, the summer program is continued under section 13 of the National School Lunch Act for 1 year. The reason for the short extension is that the administration has proposed some fundamental bloc-grant-type changes to the child feeding programs. Yet the administration's proposals were not available at the time the committee considered this bill. Second, because of its nature, the program has always been a difficult one to administer. It involves setting up a group of sponsors to feed a large influx of children during the summer months. In many cases, suitable facilities are not available. There is uncertainty as to the number of children who will show up on any particular day, and so forth. As a result of these administrative problems, 2 years ago, I requested a GAO report on how the program could be improved. That report was received February 14, 1975. While the report found that in the cities studied the—

Program generally accomplished its objective of providing nutritious meals to many eligible children.

There were ways in which it could be improved and expanded. The GAO recommendations were received too late to be fully incorporated into this year's bill. In particular if the many constructive changes proposed by the GAO were adopted, it would be months before the Department of Agriculture would be

able to issue new regulations and implement the program. As a result, this summer's feeding program would be destroyed. Therefore, it was considered best to pass a fairly straightforward 1-year extension. This extension will enable this summer's program to proceed on schedule—but will insure that the Congress is required to review the program before next summer.

A few changes were made in the summer program, however, in an effort to improve this summer's operations without causing any significant administrative changes at this late date. For example, the out-of-date State disbursement formula is deleted. Any eligible institution that wants to apply "shall receive the summer food program upon its request." Again, this means that those States which did not receive enough under the formula—such as Ohio—will no longer have to turn down eligible applicants. In another area, residential summer camps for low-income children will be eligible to participate. When this legislation was first introduced in 1967, it was our hope that residential camps which were able to place children outside of the inner-city for a few weeks of "fresh air experience" would be eligible to participate. Under the new bill, these programs will be eligible to participate. In addition, the 1-year extension provides for an increase in the reimbursement rates and the timely publication of next summer's regulations implementing the new summer feeding program. Finally, the extension provides that—

Institutions eligible to participate . . . shall be limited to those which conduct a regularly scheduled program for children from areas in which poor economic conditions exist . . . at site locations where organized recreation activities or food services are provided for children in attendance.

I hope, Mr. Chairman, that this regulation will be flexibly interpreted. By its nature, it is often hard to run a tightly organized summer program. For example, in many areas, schools are not open because of custodial costs, security, et cetera. As a result, there may be no place for the children to meet except for an open playground. The lunches may be delivered in the midmorning and passed out to the children at noon. The children then eat their lunches sitting around the playground. I know that this is not the ideal situation. But at least low-income children are being fed. However, under these kinds of conditions, some children may wander home once they get their lunch. A thunderstorm may develop and end the day's activities. It is important that the Department of Agriculture remember that our prime goal is getting nutritious meals to children—not the quality of the "organized recreation activities."

Again, I would like to commend the gentleman from Kentucky (Mr. PERKINS) for his fine work on this legislation. His committee has insured a substantial improvement in the summer and year-round preschool feeding programs.

Mr. FRENZEL. Mr. Chairman, the Education and Labor Committee has given us a chance today to vote for taxing the poor to feed the rich. Instead of concentrating our Federal effort on needy children, the committee wants us, in a time

of catastrophic deficits, to pay for school lunches of all children, rich and poor.

The working and taxpaying poor will see at least some of their tax dollars supporting school lunches for sons and daughters of \$42,500 per year Congressmen, and for children of other similarly affluent people. In addition to income taxes, the less affluent are taxed more severely by inflation which is the inevitable result of these something-for-everyone spending programs.

Every Member wants to support a program of reasonable nutrition for people who need it. However, squandering our national resources on people who can afford their own nutrition is simply a case of disorderly priorities.

A further fault of this bill is that it provides a windfall for the less efficient schools, or to those who have made little or no local effort in these programs. The old adage is proved again in this bill: "Them's what's spends, gets."

I want to vote for a school lunch and child nutrition bill, but I cannot vote for this one unless it is amended. I can see little reason to vote for \$650 million worth of misplaced priorities plus \$80 million worth of spending for mandated purchase of specified commodities.

Mr. BADILLO. Mr. Chairman, It gives me great pleasure to rise in support of H.R. 4222, the National School Lunch and Child Nutrition Act Amendments of 1975. The bill before us contains some extremely significant provisions. It permanently authorizes and expands the school breakfast program; reduces to 25 cents the price any child must contribute toward the cost of a lunch; establishes automatic eligibility for children of unemployed parents; enables orphanages and children's residential institutions to participate in the nutrition programs; and permits children of parents with an income 100 percent above the poverty level to receive reduced-price lunches. In addition, it authorizes the Secretary to continue for 3 additional years the purchase of commodities at nonsurplus or market prices for this program; mandates that cereal, shortening, and oil contributions to participating institutions be maintained at the 1974 levels; and last, but not least, extends and expands the very successful and much-needed supplemental feeding program for women, infants, and children.

Mr. Chairman, enactment of these provisions is extremely important for the Nation, and desperately important for New York. Rising unemployment, increased food prices, and the general economic malaise gripping our country are taking a frightful toll of our communities. Last year, in New York City, a total of 590,070 youngsters participated daily in the school lunch program. Of these 68,735 paid an average price of 45 to 50 cents in grade and 55 to 60 cents in junior high and high school for the lunches; 8,805 received reduced-priced meals, while 512,530 were eligible for free school lunches. These figures represent a 90,070 increase in daily participation—they also show an increase of 42,530 in the number of those eligible for free meals. Yet, a family of four could earn no more than \$5,640 to retain eligibility for free participation.

A total of 70,445 youngsters benefited

from the breakfast program. While 5,767 paid for their meals, 4,879 received reduced-price breakfasts. A total of 59,799 were eligible for free participation.

I am very pleased to say that at present three special supplemental food programs for women, infants, and children are serving the needs of some of my constituents. Over 6,000 individuals participate in them in the Bronx, but project officers tell me that they are swamped with applications and cannot begin to take care of the need. The Department of Agriculture estimates that at least 66,000 individuals are eligible in New York. Presently less than 60 percent of these people are being reached.

Mr. Chairman, our nutrition programs are of enormous significance. They make tremendous contributions to the national welfare. We now have proof that without adequate and proper nutrition youngsters are unable to reach their mental and physical potential. Yet, despite this evidence, in the richest country of the world thousands go to bed hungry every day and thousands more suffer from malnutrition.

The legislation before us makes an attempt to meet some of these urgent needs. I hope that it will receive overwhelming support.

Mr. SYMINGTON. Mr. Chairman, on the occasion of the passage of the school food program, I wish to bring to the attention of the Speaker our need to conserve in this area, as in others. In this connection, I received a letter from the principal of a prominent elementary school in my district concerning the enormous amount of school lunch food—and milk—that is being wasted daily. It is estimated that up to 30 percent of the food served was not consumed. Certainly, this shocking figure is not representative of the St. Louis area alone. I, therefore, directed an inquiry to the Missouri State Department of Education to learn what efforts are being taken in Missouri, and elsewhere, to eliminate this high rate of food waste. I would like to share the department's letter with you for your consideration:

HON. JAMES W. SYMINGTON,  
*Congress of the United States,  
Clayton, Mo.*

DEAR MR. SYMINGTON: This will acknowledge receipt of your letter of January 17, along with a complaint registered by Mr. John Hillwick, Principal of the Reed Elementary School in the Ladue School District, concerning food waste in the school lunch program.

Certainly, we are all deeply concerned about the many reports of food shortages throughout the world and the amount of waste occurring in our homes, commercial restaurants, and in our school food service programs. We are aware of the fact that the President and members of Congress have received hundreds of letters commenting on food waste in National School Lunch Program schools. Usually, the reports attribute this waste to bureaucratic regulations or federal menus.

Under the National School Lunch Program, only the pattern for nutritionally adequate lunches is prescribed. This pattern, called Type A, was developed by the Food and Nutrition Board, National Academy of Sciences-National Research Council, and has been designed to furnish at least one-third of the recommended daily dietary allowances for 10 to 12 year old boys and girls. . . . Participating schools are authorized to reduce the size of these servings for the lower grade level

children who may not require as much food, with the understanding that the overall meal pattern requirements will be met by adding these amounts to the plates of the older children who require more food. This is one method recommended for avoiding plate waste.

The Type A pattern is merely a guideline through which local food service directors and managers may develop hundreds of menus to include many different items within the various food groups that will be acceptable to the children in different localities. We have always urged local food service personnel to watch the return line for those foods that are not being accepted by children and to substitute other items within the food group or to change the method of preparation in order to avoid waste. The schools are supplied with numerous publications to assist them in becoming acquainted with the many foods in the various food groupings that can be worked into their local menu planning. . .

I would think that in an educational food service program we would normally expect some food waste where we are trying to acquaint students with their nutritional requirements and the need for trying and accepting the different types of foods available in our country. With the tons upon tons of foods used in the schools each day that are participating in the National School Lunch program, we would seriously question whether or not the waste is as great in our schools as it is in the homes throughout America and in our commercial food service establishments.

You may be assured that we are deeply concerned about the food waste being reported in our schools and that we are doing everything within our power through our contacts with the schools to encourage them to do a better job of local menu planning so as to reduce food waste to a minimum. Certainly, this will require the full cooperation of local administrators, teachers, and the parents involved. We do feel, however, that the Type A pattern established for use in the National School Lunch Program is sufficiently flexible to permit adjustments in the menu planning that will be acceptable to the students. Through our many communications to the schools, we have urged more student involvement in the menu planning process and the offering of a choice of Type A lunches in order to avoid food waste and to encourage greater participation.

If we can be of further assistance in any way, please do not hesitate to call upon us.

Sincerely,

EARL M. LANGKOP,  
Director, School Food Services.

Mr. Chairman, I am reminded of an old familiar adage to "waste not, want not," and it seems to me there never was such a time in history as now to follow this sound advice. In light of the world food shortage, special emphasis must be placed on the need to conserve. We need the cooperation of the Congress, boards of education, teachers, and most important, the students themselves.

Mr. ASHLEY. Mr. Chairman, I opposed the rule under which this bill has been brought to the floor. In 1974, we passed a Budget and Impoundment Control Act which was designed to enable the Congress to get a better handle on the Federal budget. One of the key provisions to strengthen our control of fiscal policy was a ban on circumventing the regular appropriations process by back-door funding mechanisms.

Mr. Chairman, I believe that the Budget Act embodies the most profound and far-reaching attempt to reform our procedures and our effectiveness since the

founding of our Republic. We are now in the earliest stage of implementing congressional budget review, and I believe that it would be a serious mistake to begin waiving the rules, as provided for in the rule accompanying H.R. 4222, to bypass the budgetary process we so painstakingly established in 1974. By allowing the funds authorized by this legislation to be spent directly from the Secretary of Agriculture's revolving fund without being subject to the appropriations process, we will violate both the spirit and the letter of the Budget Act and thereby undermine our hopes for strengthening the role of Congress in establishing the fiscal policies of the country.

Therefore, Mr. Chairman, I must vote against the rule. If it is voted, then I urge adoption in committee of the whole of an amendment that will be offered to subject the programs in this legislation to the appropriations process. The question is really over the depth of our commitment to the new budgetary process we approved with so much fanfare last year. I ask my colleagues whether they want to remain true to the intent of budgetary reform or whether they intend here today to begin the step-by-step scrapping of the potential advances we envisioned when we passed the budget bill a year ago.

I have also one major objection to the provisions of H.R. 4222. I believe that my record clearly demonstrates my support for school lunch and nutrition programs in the past. But the legislation before us today goes far beyond our original intent by its expansion of federally subsidized lunches to all schoolchildren in America regardless of financial need.

Mr. Chairman, I yield to none in advocacy of programs to help the disadvantaged. But the sponsors of this bill intend to turn this program into general aid, and thereby add \$655 million to the deficit next year, by expanding school lunch support to the children of the rich as well as the children of the poor.

I simply feel that it is not right to legislate such an unwarranted expansion of a program that has proved its value for children from needy families. If the final version of the bill retains such a universal eligibility, I will have to vote against it, but I want to make it clear that I will do so only in the hope of having the opportunity later to cast an "aye" vote for continuation and expansion of child nutrition programs within the reasonable bounds of making them available to only those youngsters with a definite financial need. I urge the enactment of a sensible school lunch bill this year that will address itself to the well-being of individuals who will not eat adequate meals without it.

Mr. Chairman, I believe that we will blunt the thrust of a special purpose program such as this one by establishing eligibility for its benefits for children who can afford adequate nutrition without. I urge rejection of the committee approach on that basis and call for support of amendments to confine the benefits of school lunch and nutrition programs to the many truly needy children for whom they were conceived and enacted in the first place.

Mr. SIKES. Mr. Chairman, H.R. 4222, the bill before the House should be adopted. It expands and extends the national school lunch program. This measure would establish a maximum price of 35 cents which any schoolchild would have to pay for a hot lunch. In these difficult economic times, when many needy families may not be able to meet the minimum nutritional needs of their children, it is vitally important that this basic program be extended.

Escalating costs are driving the price to students up and up to the point where the entire school lunch program is threatened. More than 2.7 million children have dropped out of the program since 1970. One million children disappeared from the school lunch line last year. It is a certainty that continued increases in food and production costs will destroy the effectiveness of the program in thousands more schools. And when the regular school lunch program goes, the program of free and reduced price lunches to poor children goes with it.

Some think the price of guaranteeing a 35-cent lunch to schoolchildren is too expensive. I do not agree. Moreover, the increased participation in the school lunch program that this bill makes possible will create an estimated 50,000 new jobs. In addition, unless H.R. 4222 is enacted by the Congress in the immediate future, mass confusion will result regarding the federally subsidized summer feeding program. Summer program sponsors such as public school lunchrooms, recreation centers, and summer camps must have assurances at this time that the program will be continued. Most of the children who receive meals in this programs are needy and many of them will be in summer programs within 60 days.

The breakfast program which also expires on June 30 will be renewed by H.R. 4222 so that those who are in summer school programs will have that needed meal available also. It is the breakfast program that allows children to start the day with adequate nutrition and food, a condition that helps them come to the classroom more attentive and aware. Teachers attest to the fact that there is a positive change in the children's learning habits and attitudes as a result of this breakfast program. Certainly we want to provide proper nourishment for our schoolchildren in order that they may develop both physically and mentally into healthy adults. Providing a balanced diet through these programs will help insure their growth and well-being.

Mr. Chairman, I am very hopeful that this bill will be adopted and I urge my colleagues to join in support of this legislation.

Mr. GRADISON. Mr. Chairman, since its inception in 1946, the national school lunch program has provided school lunches to many poor and needy children who would otherwise have gone hungry through a whole school day. This program has been a significant factor in furthering the education of those children who participated in the program.

I strongly support the school lunch program. I am, therefore, casting my vote in favor of H.R. 4222.

At the same time, I feel compelled to voice my opposition to two provisions of this bill which involve wasteful spending on a massive scale.

H.R. 4222 would mandate a 25-cent maximum price for school lunches served under the program. The average price per lunch served today is 45 cents. The 25-cent maximum provision would cost \$655 million for next year. This provision would affect only those families with incomes over the \$9,000 level. Families with incomes below the \$9,000 level are covered by programs providing free or reduced price lunches and would not be affected by the 25-cent maximum provision.

I know that many families with incomes over \$9,000 have been hard hit by the recession and deserve help also. The Federal Government already subsidizes every lunch served under the school lunch program at nearly 22 cents and State and local governments contribute another 20 cents. We simply cannot afford another \$655 million at this time to further subsidize school lunches for families with incomes over \$9,000.

Another provision in H.R. 4222 to which I object is that mandating the Department of Agriculture to purchase \$79 million worth of oils, shortening, and cereals for use in the school lunch program. This unprecedented provision is not designed to help the school lunch program but to assist the producers of the specified commodities. Programs to assist agriculture should be considered on their own merits and not included in legislation on the school lunch program.

The level of funding provided by H.R. 4222 is clearly excessive. The bill provides \$3.68 billion in fiscal year 1976, an increase of more than 80 percent over the \$2.04 billion provided in fiscal year 1974. As I said before, I consider the school lunch program to be very worthwhile. However, there are many worthwhile programs which the Congress is called upon to fund and we cannot continue to provide increases of the order of 80 percent to all these programs.

If Congress continues to spend in this excessive manner, the hard-pressed American taxpayer will be called on to make further sacrifices. This will be hurting the very people whom programs like the school lunch program are designed to help.

Mr. QUIE. Mr. Chairman, I rise in support of the amendment offered by the gentlewoman from New York.

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

Mr. QUIE. I yield to the gentleman from Kentucky.

Mr. PERKINS. Mr. Chairman, so far as we are concerned we see no objection to the Chisholm amendment and feel that it should be adopted.

Mr. QUIE. I am glad the chairman of the committee agrees with this amendment and I do not know how I happen to be a beneficiary of it because I happen to make more money than 200 percent more than the low-income level.

Let me tell the Members what this means. I think it is important that we adopt this amendment after we have fought so hard not to increase the allow-

ance for those who are making more than 200 percent above the low income.

Under the amendments of this bill, a reduced-cost lunch is available to anyone who receives an income of 200 percent of the low income figure. It was 175 percent in the present law. It will be 200 percent. For a family of four, this amounts to \$10,020, and children of those families will be able to buy lunch for 20 cents. A free lunch is allowed for those who receive, with a family of four, \$6,262 or less. There is an increase in the escalation. For a family of five with three children, they can receive a free lunch if they have an income of \$7,162 and a reduced-cost lunch if they receive between that and \$11,460.

The next step is for a family of six, meaning four children, and a free lunch will be available for anyone up to an income of \$8,112, while the reduced-cost lunch will be available for anyone up to \$12,980.

It is mandated, as I said, presently that any one school which participates in the school lunch program must provide a free lunch. However, under the amendment offered by the gentlewoman from New York, any family whose children qualify for the reduced-cost lunch will not be able to be charged more than 20 cents, so I support that amendment.

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

Mr. QUIE. I yield to the gentleman from Kentucky.

Mr. PERKINS. Mr. Chairman, the only difference as I read the Chisholm amendment from the present language is the fact that the reduced lunch is mandated in the schools where they do not now have a reduced-lunch program. Am I correct?

Mr. QUIE. That is correct.

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

Mr. QUIE. I yield to the gentleman from Alabama.

Mr. BUCHANAN. Mr. Chairman, I rise in strong support of the amendment and I associate myself with the remarks of the gentleman from Minnesota.

Mr. QUIE. The last thing I will say before we vote is I hope we will stay here and finish this bill.

Mr. PERKINS. Mr. Chairman, I move that the Committee do now rise.

The CHAIRMAN. The question is on the motion offered by the gentleman from Kentucky.

The question was taken; and the Chairman being in doubt, the Committee divided, and there were—ayes 91, noes 58.

#### RECORDED VOTE

Mr. QUIE. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 231, noes 179, answered “present” 1, not voting 21, as follows:

[Roll No. 94]  
AYES—231

Abzug	Badillo	Bevill
Adams	Baldus	Biaggi
Addabbo	Barrett	Bingham
Alexander	Baucus	Blanchard
Andrews, N.C.	Beard, R.I.	Boggs
Annunzio	Bedell	Boiling
Aspin	Bennett	Bonker
AuCoin	Bergland	Bowen

Brademas	Howe	Pickle
Breax	Hubbard	Pike
Breckinridge	Hughes	Poage
Brodhead	Hungate	Freyer
Brooks	Jacobs	Price
Brown, Calif.	Jenrette	Randall
Burke, Mass.	Johnson, Calif.	Rangel
Burleson, Tex.	Jones, Ala.	Rees
Burlison, Mo.	Jones, N.C.	Reuss
Burton, Phillip	Jones, Okla.	Richmond
Carney	Jones, Tenn.	Riegle
Carr	Jordan	Risenhoover
Chappell	Kastenmeier	Roberts
Clay	Keys	Rodino
Conyers	Koch	Roe
Corman	Krebs	Rogers
Cornell	Krueger	Roncalio
Cotter	Landrum	Rose
Daniels,	Leggett	Rostenkowski
Dominick V.	Lehman	Roush
Danielson	Levitas	Russo
Davis	Lloyd, Calif.	Ryan
Delaney	Lloyd, Tenn.	St Germain
Dellums	Long, La.	Santini
Derrick	Long, Md.	Sarbanes
Dingell	McCormack	Spelman
Dodd	McFall	Staggers
Downey	McHugh	Stanton
Downing	McKay	Sikes
Drinan	Macdonald	Simon
Duncan, Oreg.	Madden	Sisk
Eckhardt	Maguire	Slack
Edgar	Mahon	Smith, Iowa
Edwards, Calif.	Mathis	Spelman
Ellberg	Matsunaga	Staggers
English	Meeds	Stanton
Evans, Ind.	Melcher	James V.
Fascell	Metcalfe	Stark
Fisher	Meyner	Steep
Fithian	Mezvinsky	Stephens
Flood	Mikva	Stokes
Florio	Miller, Calif.	Stratton
Foley	Mineta	Tsongas
Ford, Mich.	Mink	Udall
Ford, Tenn.	Mitchell, Md.	Van Derlin
Fraser	Moakley	Vander Veen
Fulton	Moffett	Thornton
Fuqua	Mollohan	Traxler
Gaydos	Moorhead, Pa.	Udall
Gibbons	Morgan	Whalen
Ginn	Mosher	Whitton
Gonzalez	Moss	Wilson
Green	Mottl	Charles H.,
Haley	Murphy, Ill.	Calif.
Hall	Murphy, N.Y.	Wilson
Hamilton	Murtha	Charles, Tex.
Hanley	Natcher	Wirth
Hannaford	Neal	Wright
Harkin	Nedzi	Yates
Harrington	Nichols	Yatron
Harris	Nolan	Patterson, Calif.
Hayes, Ind.	Nowak	Young, Tex.
Hays, Ohio	Oberstar	Zablocki
Hebert	Obey	Zeferetti
Hechler, W. Va.	O'Hara	Perkins
Hefner	Ottinger	
Heilstoski	Patten	
Henderson	Patterson, Calif.	
Hicks	Pattison, N.Y.	
Holland	Pepper	
Howard	Perkins	

#### NOES—179

Abdnor	Clawson, Del	Frenzel
Ambro	Cleveland	Frey
Anderson,	Cochran	Gialmo
Calif.	Cohen	Gilman
Anderson, Ill.	Collins, Tex.	Goldwater
Andrews,	Conable	Goodling
N. Dak.	Conlan	Gradison
Archer	Conte	Grassley
Armstrong	Coughlin	Gude
Ashley	Crane	Guyer
Bafalis	D'Amours	Hagedorn
Bauman	Daniel, Dan	Hammer-
Beard, Tenn.	Daniel, Robert	schmidt
Bell	W., Jr.	Hansen
Biester	de la Garza	Harsha
Blouin	Derwinski	Hastings
Boland	Devine	Heckler, Mass.
Brinkley	Dickinson	Heinz
Broomfield	Diggs	Hillis
Brown, Mich.	Duncan, Tenn.	Hinshaw
Brown, Ohio	du Pont	Holt
Broyhill	Early	Holtzman
Buchanan	Edwards, Ala.	Horton
Burgener	Emery	Hutchinson
Butler	Esch	Hyde
Byron	Eshleman	Jarman
Carter	Fenwick	Jeffords
Casey	Findley	Johnson, Colo.
Cederberg	Fish	Johnson, Pa.
Chisholm	Flowers	Karth
Clancy	Flynt	Kasten
Clausen,	Forsythe	Kazen
Don H.	Fountain	Kelly

Kemp	Myers, Ind.	Stanton,
Ketchum	Myers, Pa.	J. William
Kindness	Nix	Steelman
LaFalce	O'Brien	Steiger, Wis.
Lagomarsino	Patman	Stuckey
Latta	Peyser	Studds
Lent	Pressler	Sullivan
Litton	Pritchard	Symms
Lott	Quie	Talcott
Lujan	Quillen	Taylor, Mo.
McClory	Railsback	Taylor, N.C.
McCloskey	Regula	Thone
McCollister	Rhodes	Treen
McDade	Rinaldo	Vander Jagt
McDonald	Robinson	Waggoner
McEwen	Rooney	Walsh
McKinney	Rousselot	Wampler
Madigan	Royal	White
Mann	Ruppe	Whitehurst
Martin	Sarasin	Wiggins
Mazzoli	Satterfield	Wilson, Bob
Michel	Schneebeli	Winn
Milford	Schulze	Wolff
Miller, Ohio	Sebelius	Wyder
Minish	Shriver	Wylie
Mitchell, N.Y.	Shuster	Young, Alaska
Montgomery	Smith, Nebr.	Young, Fla.
Moore	Snyder	
Moorhead,	Solarz	
Calif.	Spence	

ANSWERED "PRESENT"—1

Burton, John

NOT VOTING—21

Ashbrook	Evins, Tenn.	Runnels
Burke, Calif.	Hawkins	Seiberling
Burke, Fla.	Hightower	Shipley
Collins, Ill.	Ichord	Skubitz
Dent	Mills	Steiger, Ariz.
Erlenborn	O'Neill	Weaver
Evans, Colo.	Passman	Young, Ga.

So the motion was agreed to.

The result of the vote was announced as above recorded.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. PIKE, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 4222) to amend the National School Lunch and Child Nutrition Acts in order to extend and revise the special food service program for children and the school breakfast program, and for other purposes related to strengthening the school lunch and child nutrition programs, pursuant to House Resolution 352, had come to no resolution thereon.

#### GENERAL LEAVE

Mr. PERKINS. Mr. Speaker, I ask unanimous consent that all Members may revise and extend their remarks on this bill under consideration today.

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

Mr. YOUNG of Florida. Mr. Speaker, reserving the right to object, I would ask the gentleman from Kentucky (Mr. PERKINS) if this means that the consideration of this bill will be suspended for some time or are we going to get it back tomorrow?

Mr. PERKINS. Mr. Speaker, I would say to the gentleman that it would be my hope that the bill could be brought up soon after the Easter recess, just as soon as the entire membership is back here.

Mr. YOUNG of Florida. Mr. Speaker, I withdraw my reservation of objection.

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

There was no objection.

#### PERMISSION FOR MANAGERS TO FILE CONFERENCE REPORT ON H.R. 2166, THE TAX REDUCTION ACT

Mr. MCFALL. Mr. Speaker, I ask unanimous consent that the managers on the part of the House may have until midnight tonight to file a conference report on H.R. 2166, the Tax Reduction Act.

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

There was no objection.

#### APPOINTMENT AS MEMBERS OF THE JAMES MADISON MEMORIAL COMMISSION

The SPEAKER. Pursuant to the provisions of Section 1, Public Law 86-417, the Chair appoints as members of the James Madison Memorial Commission the following Members on the part of the House:

The gentleman from West Virginia (Mr. SLACK), the gentleman from Pennsylvania (Mr. YATRON), the gentleman from Virginia (Mr. WAMPLER), and the gentleman from Virginia (ROBERT W. DANIEL, JR.).

#### ADJOURNMENT UNTIL 10 A.M. ON TOMORROW, WEDNESDAY, MARCH 26, 1975

Mr. MCFALL. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet at 10 a.m. tomorrow, Wednesday, March 26, 1975.

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

There was no objection.

#### AUTHORIZING THE SPEAKER TO DECLARE RECESSSES AT ANY TIME TOMORROW, SUBJECT TO THE CALL OF THE CHAIR

Mr. MCFALL. Mr. Speaker, I ask unanimous consent that the Speaker may be authorized to call recesses tomorrow at any time, subject to the call of the Chair.

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

Mr. BAUMAN. Mr. Speaker, reserving the right to object, could the gentleman from California tell us the purpose of this request?

I was just informed by one of the conferees on the tax bill that it is unlikely that the conference report on the bill would be before us until Thursday.

What would be the purpose of calling recesses? Will there be any legislation before the House tomorrow?

Mr. MCFALL. Mr. Speaker, to answer the gentleman, the only legislation that we would have tomorrow would be the tax conference report.

The information that we have from the committee is substantially this, and perhaps it coincides with what the gentleman has heard: that they can finish by 8 or 9 o'clock tonight, but that they

are unable to tell how long a time will be required to make the report.

If the minority leader has checked with the ranking Republican on that committee, the gentleman from Pennsylvania (Mr. SCHNEEBELI), the gentleman from New York (Mr. WYDLER) informed me a few moments ago that that was the problem, the problem of constructing the report. Hopefully, we might have something at 10 o'clock. The recess provision, though, would permit us to wait until such time as they get the report ready.

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

Mr. BAUMAN. Certainly, I yield to the gentleman from Arizona (Mr. RHODES).

Mr. RHODES. Mr. Speaker, it is my understanding that what the acting majority leader says is precisely correct. If there is a delay, it will be because of the clerical work involved in constructing the conference report, the physical work to be done.

It would be my hope that the Committee on Ways and Means would use whatever facilities are necessary to get this report written as rapidly as possible.

With that in mind, I do not object to the House coming in at 10 o'clock.

It is my understanding that the distinguished gentleman from California, in response to the inquiry of the gentleman from Maryland, has stated that there will be no legislative program tomorrow other than the conference report on the tax bill.

Mr. MCFALL. If the gentleman will yield still further, that is correct. That is the only business before the House on tomorrow.

Mr. RHODES. Mr. Speaker, with that assurance, it would be my hope that the gentleman from Maryland would withdraw his reservation.

Mr. BAUMAN. Mr. Speaker, I withdraw my reservation of objection.

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

There was no objection.

#### LET US END THE USE OF LIE DETECTORS IN EMPLOYMENT

(Mr. KOCH asked and was given permission to address the House for 1 minute, to revise and extend his remarks.)

Mr. KOCH. Mr. Speaker, each year, roughly 200,000 persons are subjected to polygraph testing in preemployment and employment situations. Increasingly, businesses are utilizing lie detectors in an attempt to find a quick, inexpensive way to counter employee theft. While their use seems not to have decreased such theft, the subjection of employees to lie detectors has caused a whole host of problems. I fear that widespread use of lie detectors by employers could lead to wholesale infringement of the employee's right to privacy. As a part of my legislative efforts in the area of privacy, I am today introducing, along with 30 cosponsors in the House, my bill to prohibit the use of polygraphs for employment purposes.

There is no convincing evidence as to the reliability of the polygraph machine. Are we really sure of what the polygraph measures? In testimony before a House Subcommittee on Foreign Operations and Government Information, experts stated that a physiological impulse recorded in response to a question could mean one of three things: Either the subject was lying; or he was telling the truth, but some other emotional factor, such as anger or embarrassment, caused the reaction; or that the response was generated by a neurotic precondition of the subject. Shall a person be sentenced to loss of job and security because a "guilty" verdict registered on this machine? Often a subject will blurt out embarrassing personal information irrelevant to the specific question, feeling that, if she or he does not offer this information, a "guilty" verdict will register.

There are more variables than just the machine itself. First, there are no professional requirements or regulations with regard to the polygraph examiner. Furthermore, there are no limits to the type of questions that can be asked, which often include sensitive areas, such as the employee's family background, sex life, political views, and personal relationships.

I have recently amended this legislation to place an absolute prohibition on the use of lie detectors for employment purposes, rather than allowing voluntary submission. A report by the Committee on Federal Legislation of the New York State Bar Association—which I included in the CONGRESSIONAL RECORD of March 5, 1975, page 5410—convinced me that the subtle pressures of employer coercion should be removed through a complete ban. Especially with the recession, people would fear that if they did not submit to the test, they would find themselves out of work or passed over for the job they seek.

I believe that such a ban would force business to develop fairer and more efficient methods of prevention and detection of employee theft. I readily acknowledge that employee theft is a serious problem. Together with shoplifting, it accounts for an annual loss to business of \$20.8 billion. The Commerce Department, through its Division of Consumer Goods and Services, is willing and able to help business in this area. It will shortly conduct a series of seminars throughout the country to help business combat employee theft. More thorough-checking of reference can help a great deal to weed out potential thieves. More importantly, rigorous inventor control can take the temptation to steal away from the employee. I think it fair to say that that is part of management's responsibility. In any event, the use of lie-detectors is not the best answer to employee theft. It may be the quickest and cheapest but it lacks accuracy. Let us not cast aside the right to privacy for the expediency of employers.

I would like to close by saying that as Senator Sam Ervin was the author of the original legislation of this type, I believe it would be another fitting tribute to him to have this bill passed. A more extensive discussion of the issues of this bill can be found in a report of the Sub-

committee on Constitutional Rights of the Senate Judiciary Committee, "Privacy, Polygraphs, and Employment." A list of the House cosponsors follows: Ms. ABZUG, Mr. BADILLO, Mr. BROWN of California, Mr. BAUCUS, Mr. JOHN L. BURTON, Mr. PHILLIP BURTON, Mr. CARNEY, Mr. CLAY, Mr. CONYERS, Mr. HANNAFORD, Mr. HARRINGTON, Ms. HOLTZMAN, Mrs. MEYNER, Mr. MIKVA, Mr. MITCHELL of Maryland, Mr. MOTTI, Mr. PATTISON of New York, Mr. RANGEL, Mr. RICHMOND, Mr. ROSENTHAL, Mr. ROYBAL, Mr. RYAN, Mr. SCHEUER, Mrs. SCHROEDER, Mr. SOLARZ, Mrs. SPELLMAN, Mr. STARK, Mr. STOKES, Mr. WAXMAN, and Mr. CHARLES H. WILSON of California.

#### REINTRODUCING LEGISLATION TO MINIMIZE DESTRUCTION FROM SEVERE STORMS

(Mr. WINN asked and was given permission to address the House for 1 minute to revise and extend his remarks.)

Mr. WINN. Mr. Speaker, yesterday, 26 tornadoes were reported in this country. Three people lost their lives.

Tornadoes cause an average of 85 deaths annually, but who can forget the terrible series of storms that swept through Ohio, Kentucky, and many other Midwestern and Southern States last April leaving 213 dead in its wake.

To most people, spring means beautiful, sun-filled days. But this season, more than any other also brings destruction—the destruction of severe storms. Each spring we again see just how little power man has over his environment.

Once we could count on severe storms to strike only certain sections of the country, and the time of year was usually just as predictable. That is not the case now. In the past few years, these violent storms have struck in virtually every section of this country, so that no area today can claim to be 100 percent "tornado safe."

In my opinion, the death and destruction from severe storms can be minimized, and today, I am reintroducing legislation which I feel is a step toward doing just that. Basically, this bill seeks to combine the tremendous expertise of two of our Federal agencies—the National Aeronautics and Space Administration and the National Oceanic and Atmospheric Administration—in programs of meteorological research and development. Specifically, the bill directs \$10 million to NASA to use its vast scientific talents in coordination with NOAA to study short-term severe storms, including tornadoes, hurricanes, thunderstorms, and floods.

Mr. Speaker, since I came to Congress in 1967, I have served as a member of the Committee on Science and Astronautics, now the Committee on Science and Technology. During that period, I have been fortunate to witness, firsthand, many of the important scientific developments to come out of our space program.

My purpose in directing \$10 million to NASA for use in a weather program is simple. I want to encourage the application of advanced techniques and technology to a problem, which for too many

years has defied the more conventional approaches.

NASA has demonstrated expertise in the development of sensors and in taking measurements with aircraft. In fact, it has been 15 years since NASA placed the first weather satellite in orbit. Since that time, weather satellites have become a major source of information for meteorologists.

By introducing this bill, I do not intend to question the key role that NOAA plays in weather forecasting, nor do I intend to take anything away from NOAA. In fact, my bill assures NOAA's preeminence. Nevertheless, NOAA is severely limited by the small number of aircraft available, and I think NASA can help.

As many of my colleagues will remember, I introduced this same legislation in the 83d Congress, and I might add that I was pleased by the response I received. In hearings here in Washington and in Kansas City, Kans., in November 1973, the Subcommittee on Space Science and Applications took testimony from numerous experts in the field of meteorology.

We found that although a great deal of progress has been made in forecasting, monitoring and warning against severe storms, there are still a lot of bugs to be worked out.

I was pleased when the House, in response to those hearings, authorized \$2 million for the NASA Space Applications program specifically for violent weather research. This year's NASA authorization bill contains a request for an additional \$1 million for this research. It is my earnest hope that these funds will serve as a catalyst in prompting a more effective and more solidly funded national weather research effort.

Mr. Speaker, severe short-term weather phenomena present a very real and violent threat to our citizens. My sympathies go out to the numerous victims and their families. It hurts me to see that despite the demonstrated skills of our severe storm forecasters, the damage from these storms continues to increase each year.

I believe we can and must make progress in this field, but improvement of our record will be in direct proportion to our willingness to commit the resources necessary to develop the tools and techniques suitable to the task before us.

I urge prompt consideration of this measure.

#### MARYLAND DAY

(Mr. BAUMAN asked and was given permission to address the House for 1 minute, to revise and extend his remarks.)

Mr. BAUMAN. Mr. Speaker, on this day in 1634 a small band of settlers from England discovered a small island at the broad mouth of the Potomac and there they disembarked. They were uncertain about what they would find on the island or what lay beyond. But they pressed on, determined not to turn back or shrink from challenges after having come so far. They were the first citizens of the great State of Maryland, the Free State,

and their spirit is part of the heritage of Maryland to this day.

That band of settlers, led by Leonard Calvert and Father White, S.J., after their landing on St. Clements Island, established nearby St. Mary's City, the first colony in the State and the first capital of Maryland. Today citizens in St. Mary's, the "Mother County," and throughout Maryland are celebrating "Maryland Day," and I would like to express my personal pride in representing the area which includes communities which are so rich in historical significance.

Maryland has played a proud and important role in the history of America. Whereas some of the early colonies imposed severe restrictions on religious freedom, Maryland was an early bastion of religious liberty, providing an example of leadership which played an important role in establishing the freedoms which we all take for granted today.

With a history of diversity and achievement, Maryland has grown into a modern and progressive State where the achievements of the present live side by side with the heritage of the past in a unique blend of charm and energy. Here you will find the history of America and its future as well. Here live hard-working citizens who contribute greatly to the entire Nation. Maryland's farmers produce large quantities of feed grain, corn, soybeans, and other crops, Maryland's industry produces billions of dollars of goods each year and its vacation areas, such as Ocean City, are famous. Maryland leads the Nation in the production of those famous delicacies of the Chesapeake Bay, its oysters, crabs, clams, and rock fish. Broiler producers on the Eastern Shore raise 350 million birds a year, more than 10 percent of the Nation's output.

Mr. Speaker, I join today with more than 4 million citizens of Maryland in celebrating Maryland Day. I would also like to invite each of you to come visit us sometime soon. We will make you feel welcome, and a visit to nearby Maryland is a trip you will enjoy and remember.

#### TO PROVIDE CRIMINAL PENALTY FOR EMPLOYER KNOWINGLY HIRING ILLEGAL ALIEN

(Mr. WYLIE asked and was given permission to address the House for 1 minute, to revise and extend his remarks.)

Mr. WYLIE. Mr. Speaker, I have today introduced legislation which would make it a criminal penalty for an employer to knowingly employ or hire an illegal alien.

All of us are aware of the tremendously high unemployment rate in the United States today. Millions of Americans are desperately seeking employment but are unable to find it. In my own State of Ohio, the unemployment rate for January was 8 percent. At the same time, hundreds of thousands of illegal aliens who have already entered our labor market continue to deprive Americans and legal residents of needed job opportunities. The impact of these illegal aliens upon our Nation and the economy is severe, particularly in this recessionary period.

A Department of Labor witness in 1974 testified that illegal aliens, indeed,

take jobs that would normally be filled by American workers. They depress wages and impair working conditions and compete with unskilled and less educated Americans—the disadvantaged to whom our manpower programs are directed. Illegal aliens also adversely affect the economy by failing to pay taxes, claiming nonexistent dependents for tax purposes, and by sending vast sums of money to their families abroad.

Since the illegal aliens are usually unskilled or low skilled workers, they compete most directly with members of minority groups who have been traditionally denied opportunities to improve their skills and always make up the largest portion of unemployed persons. In many instances, these are aliens lawfully admitted to the United States.

Immigration is basically good for the United States. Immigrants have built this Nation and will continue to benefit our country by offering their skills and talents. But immigration must be orderly. Aliens coming to the United States, whether as immigrants or nonimmigrants, must come within the provisions of the law.

Our Government cannot condone fraud in connection with its immigration laws. Nor can we look the other way when aliens admitted as nonimmigrants violate their status by taking unauthorized employment, which means one more job opportunity is lost for a citizen or legal alien. More particularly, firm action must be taken against those unscrupulous employers who cruelly and selfishly exploit this source of cheap labor for their economic advantage.

The adverse impact of millions of illegal aliens on the labor market, public service programs, and our balance of payments deficit is overwhelming and a comprehensive legislative solution is urgently needed.

#### THE FEDERAL BUDGET

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Colorado (Mr. ARMSTRONG), is recognized for 60 minutes.

Mr. ARMSTRONG. Mr. Speaker, I am pleased to have this opportunity to join a number of distinguished Members of the House in discussing Federal spending priorities and to express my growing concern about the overall size of the Federal budget and its impact on the Nation's economy. The need for such discussion is underscored by the apparent determination of Congress to inflict astronomical deficits on the Nation.

When President Ford estimated a deficit of \$35 billion in the current fiscal year—ending June 30, 1975—and proposed spending which would result in a deficit of approximately \$52 billion next year, Congress and the Nation were shocked by the magnitude of the projected gap between income and spending. Only a few months earlier, we recalled, the President advocated a surtax, spending restraint and a balanced budget in the near future. For him to completely reverse his earlier stand signaled an historic change. President Ford acknowledged the risks of his new policy and

warned of dire consequences if his budget were to be exceeded.

Now, a few weeks later, it is plain there is no hope of holding the deficit to any level close to those recommended by the President. In the current year, spending will outrun income by at least \$41 billion or more, not \$35 billion the President estimated. Next year's budget deficit will certainly exceed \$80 billion and, in the opinion of many experts, is likely to reach \$100 billion.

The awful consequences have been made abundantly clear by many Members of this House as well as by such authorities as Treasury Secretary Simon, Reserve Board Chairman Burns and others. And I think most Members of Congress are genuinely concerned by the prospect of inflation, and deepening recession, which will be fostered by these gigantic deficits. But somehow most of us seem to act as if there is no hope to curb Federal spending, that year after year increasing deficits are inevitable and cannot be stopped.

This need not be true. It is up to us, to the Members of Congress, whether we will permit Federal spending to continue running out of control or whether we will begin to more wisely exercise our power to control Federal spending.

#### HERITAGE FOUNDATION BUDGET

With this concern in mind I was pleased to learn recently of work being done by the Heritage Foundation of Washington, D.C. This foundation—which has previously published useful studies on medical insurance, light rail transport, wage and price controls, social security, and other topics—has now produced a report on Federal spending called "An Other Budget: Toward a Reordering of National Priorities." This study was compiled by Charles A. Moser of George Washington University, who is on leave this year to work with the Heritage Foundation.

The main part of the Heritage budget study is an essay on the traditional conception of government and governmental priorities as applied to today's problems. The study points out the percentage of national income taken by government at all levels has been steadily rising, and that we should make some conscious decision as to what percentage ought to constitute the upper limit for taxation. By now the take of government at all levels has risen to more than 40 percent of GNP. Should we look forward to a 50-percent take, 60 percent, or even higher? Or should we seek to reduce the existing percentage? The Heritage study strongly recommends the latter.

The study goes on to define the proper functions of government as the Founders of our Nation might see them now. The chief duty of government, the study argues, is to see to "the defense of the country, the conduct of foreign affairs, the promulgation and enforcement of laws for the protection of the public health and safety." Once that is taken care of, the government may turn to the support of large-scale research of a scientific and scholarly nature—for example, space exploration—which is too costly for private enterprise or for government at a lower level. Then, finally,

there is the area of economic intervention and regulation, and income redistribution in all forms. In the traditional view, economic intervention and income redistribution are highly suspect functions of government, to be indulged in, in very gingerly fashion if at all.

And yet when we look at the summaries of the 1976 budget, we discover that the allocations for "income maintenance" of all sorts form by far the largest single item, with defense in a very inferior slot. Thus, the Other Budget argues, we have our priorities almost exactly reversed. We seem to think that the Government's chief task is to become paymaster and income redistributor to all, while its functions as guardian of the national sovereignty and maintainer of internal order are more and more ignored. It is this order of priorities, the study holds, which we must begin to reverse. Certainly the Other Budget helps us in adopting an overall view of the budget and its purposes.

In its "afterword" the Heritage budget study points out that if the budget is not to be truly "uncontrollable"—and if it is "uncontrollable," then the Congress might as well pack up and go home—it must be cut either across the board or program by program. An across-the-board cut is probably not feasible "because, for example, interest payments on the national debt—the third largest single item in the budget—cannot arbitrarily be reduced by 5 percent, and once an exception has been made for one budget item, others will follow in rapid succession." This will mean that we are back to program cuts or deletions—and that is the only way truly to operate. The Heritage budget, in an appendix, offers some sample cuts of programs in line with its general principles enunciated in the body of the study, and which would effect a reduction of more than \$19 billion over the President's 1976 budget. This would, of course, still be insufficient to eliminate the deficit altogether, but it would be a very good start.

The Heritage Other Budget also includes as an appendix a critique by Dr. Arthur Carol, economic adviser to Senator WILLIAM BROCK, of Tennessee, of the Budget Committee's Macroeconomic Overview. The Overview attempts to argue that the Federal deficit cannot be met by increasing taxation or by borrowing in the money market, and so must be covered by the creation of new money. Dr. Carol shows that this proposal is potentially disastrous, and would almost certainly lead to renewed inflation at a level which would cause the great inflation of 1974 to pale by comparison.

Mr. Speaker, I do not necessarily share all of the views expressed in the Heritage Foundation's Other Budget study nor do I agree with all of its conclusions. But I enthusiastically endorse the concept of somehow finding ways to limit the growth of Federal spending and I commend this worthwhile study to the attention of every Member of the House.

Now, Mr. Speaker, I am pleased to yield to a number of my colleagues who also wish to discuss this important issue.

Mr. GOLDWATER. Mr. Speaker, I am

pleased to take part in today's economic discussions under the special order.

So many times in debates of this nature we only look at the short-term solutions to long-range problems. According to Morris J. Markovitz, a well-known New York commodity research analyst, a 35-year-old man now earning \$20,000 a year may need \$200,000 a year or more by the time he retires. This is almost beyond comprehension.

Mr. Speaker, I would like to share with my colleagues Mr. Markovitz's article from the April issue of the Freeman. The article reduces today's economic problems to their basics. I urge that the Members give careful consideration to the article.

The article follows:

**I\$ INFLATION HERE TO STAY?**

(By Morris J. Markovitz)

Someday, you will have to retire. How much money will you need to support a decent standard of living when that time comes? \$7,000 for a single year? \$10,000? \$25,000? \$100,000? There is no way to know, because there is no way to know exactly how much inflation there will be. But even without exact figures, we can know that it will take many more dollars to support oneself in the future if inflation continues.

A 35-year-old man now earning \$20,000 a year may need \$200,000 a year or more by the time he retires. How can he possibly save that much? Whatever he does save will be continually eroded by inflation, with the value of his dollars being stolen away gradually over the years. And the word "stolen" is used here in a very literal sense.

Inflation has a tendency to accelerate—to get worse and worse, and at an ever-rising rate. During the past year or so, inflation has finally reached proportions significantly enough for everyone to notice its effects, though few understand its cause.

Inflation usually is "explained" in one of the following ways:

(1) Greedy businessmen, unsatisfied with "reasonable" profits, raise prices to line their own pockets at the expense of consumers. Then laborers have to ask for higher pay in order to maintain their standard of living. Businessmen, in turn, use this increased labor cost as a pretext for raising prices once more, and a vicious cycle ensues that results in spiraling inflation.

(2) Greedy labor unions, unsatisfied with "reasonable" pay scales, raise their demands in order to line their own pockets at the employer's expense. He then raises prices, passing the expense along to the consumer. The consumer, noting that his cost of living is increasing, asks for more of a wage increase. Again, the vicious cycle ensues.

These two explanations are similar from an economic point of view, but different from a political point of view. "Liberal" politicians tend to use the first explanation, laying the blame conveniently at the door of business, whereas "conservatives," just as conveniently, would lay the blame at the door of labor unions. Both explanations rely upon the same economic argument, and each is as false as the other.

**MONETARY MANIPULATION**

Inflation is caused by neither business nor labor. The real cause is the government's manipulation of the monetary system. If getting a raise were simply a matter of demanding it and going out on strike, then why doesn't labor ask for 1000 per cent instead of a mere 10 per cent? And if raising prices were simply a matter of the businessman's whim, then why doesn't he raise prices by 1000 per cent instead of a mere 10 per cent? Obviously, these are extremes. But economic principles apply at the extremes as well as in the middle. It should be obvious that, in

these extreme cases, it is definitely not the threat of government action that prevents the increases. Even if the government tried to encourage such huge increases, they still could not be adopted. No one would buy the exorbitantly priced goods, so business would fail. No one would hire the exorbitantly priced labor, so workers would be unemployed. Yet, even though this principle of supply and demand is obvious in the extreme case, most people tend to lose sight of it when only small amounts are involved.

In order not to lose sight of it, let us ask: Why wouldn't people buy goods priced 1000 per cent higher? Why wouldn't businessmen hire labor costing 1000 per cent more? The answer is simply that they can't afford it. They haven't got the money.

Now, let's carry this one step further. The same principle that applied to the extreme case of 1000 per cent above, also applies to the case of 10 per cent, or even the case of 1 per cent: Consumers can't pay even 1 per cent more for all their purchases unless they have 1 per cent more money. Businessmen can't pay even 1 per cent more wages unless they have 1 per cent more money.

Where does this money come from? The government prints it on pieces of green paper, calls it "legal tender," and hands it out by various means until it gradually permeates the economy. Thus, it can now be deduced that even the "ridiculous" 1000 per cent increases are not so impossible after all. If the government were to inject 1000 per cent more money into the economy, all prices would rise about 1000 per cent. Wage earners would be getting \$50 per hour, and a loaf of bread would cost \$5. The only thing that prevents this is the government's decision not to print that much money. Instead, the government prints only 5, 8, or 10 per cent more money each year, so prices rise only about 5, 8, or 10 per cent. (Note, however, that a "mere" 8 per cent annual increase amounts to over 1000 per cent in 30 years, when compounded.)

What does all this mean for the "typical" consumer? In general, it means bad things. Inflation hurts wage earners, those with savings, and those on fixed incomes such as the elderly and the handicapped. Inflation helps the sophisticated borrowers and the politicians. Inflation literally takes money out of the pockets of some and puts it into the pockets of others.

Here's how the whole scheme works: By a roundabout and complicated procedure, the Federal Reserve Bank is allowed, in essence, to print money which it "lends" to the government at interest. (This, by the way, is where most of the national debt is owed: to the banks.) This money consists of those green "Federal Reserve Notes" that everyone carries in his wallet. These pieces of paper used to be redeemable in silver. Now, all they are is a "promise"—a promise to pay the bearer one dollar. Not one dollar in silver or gold. Just one dollar. And what is "one dollar" today? Why, it's another one of those same pieces of paper! In other words, the money people carry in their pockets is really nothing more than a promise to give a promise to give a promise . . . without ever really promising anything at all.

**LEGAL TENDER LAWS—A UNIQUE PRIVILEGE**

However, the government has passed a law which gives a unique privilege to the Federal Reserve Bank (a nominally private bank). The "legal tender" laws says that this bank's notes must be accepted at face value for the payment of any debts. Creditors are thus forced by law to accept payment in such paper dollars irrespective of any loss in value on the market. This is very important because it is the key element that makes inflation profitable for the banks and the government, at almost everyone else's expense.

A large part of the newly printed "legal tender" goes to the government, which then

spends it to buy some of the goods in the economy, leaving fewer goods for the rest of us. Since the general public still has essentially the same amount of money it started with, this money is left to chase fewer goods, the result being higher prices.

It all boils down to the law of supply and demand, which applies to money as well as anything else: if there is more money around, its value per unit decreases. Inflation is this increase in the quantity of money, which "depreciates" the value of each dollar. In this way, inflation amounts, literally, to the theft of the earned values of people who save. It is a disguised tax—it enables the government to take real goods out of the market apparently without anyone having to pay. Everyone does pay, but in the form of higher prices instead of an outright tax. This is particularly convenient because it enables the government to carry out its policies without being subject to the scrutiny of the citizens. For example, during the Viet Nam war, the government had the Federal Reserve print huge sums of money to pay for men and material to fight the war. The current inflation owes much to the printing spree of those years. If, instead, the government had taxed us directly, we would have known then how much it was costing us and might have reacted much sooner. Financing the war by inflation deprived us of this choice.

#### PATTERSON'S SCHEME

As a matter of interest, central bank inflation was invented under circumstances of war by William Patterson, a canny Scot who founded the first Bank of England in the 1690's. Both the bank and the King benefitted. The bank made fortunes in interest collected on money created out of thin air, by permission of the King. The King was allowed to continue fighting the war. The war had been very popular, but people began to lose their enthusiasm as their pocketbooks were pinched more and more by taxes. Patterson's scheme allowed reduced taxes, so citizens didn't realize that their money resources were being depleted through inflation instead. The King was relieved of the distasteful prospect of having to terminate the war, Patterson reaped immense profits from his clever scheme, the public was hoodwinked into paying for the whole thing both in money and blood, and the institution of central banking was invented that would continue to hoodwink people for hundreds of years.

Inflation has always been a problem for countries whose governments were allowed to print money without limit. For various reasons, inflation has a strong tendency to accelerate unless it is stopped altogether. Unfortunately, the usual remedy offered by governments is price controls, which cannot work in theory, have never worked in practice, and are not working today, because they do not attack the real cause of inflation: the wanton printing of paper money. Price controls simply create shortages, as is attested to by our current economic problems.

One index some economists use to predict forthcoming inflation is the Federal Reserve's holdings of government bonds. When these increase, it means that the decision was made to print more money to "pay" for them, and that inflation is on the way. The very government officials who pose as "inflation fighters" are in fact the people in society who are most responsible for the inflation in the first place.

The only way to end inflation is to end the unlimited power to print paper money. Unless the legal tender laws are abolished, there is slight prospect of a return to the kind of a hard currency traders would choose as a medium of exchange.

Mr. SPENCE. Mr. Speaker, it is a great privilege for me to participate today in this discussion of budget matters. I have read the Heritage Foundation publication to which our colleague, the gentle-

man from Colorado, refers, and I am particularly pleased that it makes reference to a legislative proposal which I have introduced.

In my view, the Spence-Curtis balanced Federal budget constitutional amendment, which would mandate a balanced budget and establish a mechanism to achieve it, is an absolutely imperative tool in the battle against the budget bulge.

In the Heritage publication, "An Other Budget: Toward a Reordering of National Priorities," its author, Dr. Charles Moser, says on page 6:

The first objective of an "other budget," then, must be the reordering of national priorities along more reasonable lines. The second is the balancing of income and outgo and the restoration of fiscal responsibility to the budgetary process.

I wholeheartedly agree that these are our top priorities and I agree with the direction in which Dr. Moser suggests those priorities should be reordered. I think, however, that I would reverse the emphasis. That is to say, I would put balancing the budget first and reordering our priorities second. I suspect that until Congress is forced to keep appropriations within the bounds of revenue, there will be no reordering of priorities.

I have said before and I repeat today that recent history provides no basis for assuming that Congress ever can or will bring Federal spending under control until it is forced by some mechanism to keep expenditures in line with revenues.

And so today, I want to take just a few moments to outline once again the major features of my bill, House Joint Resolution 318.

The resolution proposes an amendment to the Constitution requiring that the Federal budget always be balanced, except in times of a national emergency declared as such by the Congress by a three-fourths vote. The proposed amendment contains a self-implementing mechanism which automatically insures a balanced budget by the end of the fiscal year. If Congress appropriates more money than can be covered by expected revenues, then my amendment requires that we either cut back on some unnecessary spending or produce more revenue. If that is not done, the revenue is supplied by an automatically triggered surtax sufficient to cover any deficit.

Some have contended that this amendment will not resolve the overspending problem but will merely increase taxes. I am absolutely convinced that my amendment will work in the opposite direction and will ultimately achieve both a balanced budget and tax reductions.

Some people contend that if Congress wanted to cut spending it could do so now, and since it does not, it never will. That is perverse reasoning. Presently, Congress has no incentive to cut spending. While many people favor reduced Federal spending as a general principle, few are willing to take cuts where their own immediate interests are affected. As long as the pinch of paying for the bill can be put off by a deficit budget, there will continue to be severe pressure upon Congress to appropriate beyond our means.

But when and if that loophole is

closed—when and if the only choice is to cut back or immediately raise taxes—I believe Congress will find cutting back to be the line of least resistance. Congress has the desire to cut spending now, but it does not have the will. Until the escape hatch of budget deficits is closed, it is not going to develop the will. But the prospect of paying for all the tantalizing programs it now so easily enacts will put steel in its spine very quickly.

If my amendment were enacted by Congress and ratified by three-fourths of the States, it would be a clear message to Congress that the people want spending cuts, and Congress usually responds to the express will of the people when it is made explicit. And once such an amendment were in place, any Member of Congress who, by his vote, made it necessary to impose the mandatory surtax would surely be exposing himself as a target for a wrathful electorate.

If, however, I am wrong and Congress were to go on spending beyond our reasonable means and imposing surtax upon surtax to pay for its spending schemes, the effect of my amendment would be merely to change the look of the problem—it would not worsen it. The only real change would be to impose overt taxes, in the form of a surtax, rather than the hidden tax of inflation which is currently eating away at everyone's real income. Even under these circumstances there would be some benefit from my amendment because it would eliminate double taxation. In the current situation the public pays for deficit spending today in the form of inflation and someday our children or grandchildren will pay that debt again. Under my amendment those who incur the debt would be paying for it and sparing future generations the burden of paying it a second time. Anyone who rejects this solution because it might result in higher taxes is showing much greater concern for himself than for his posterity. I personally do not find that to be a very noble stance.

So then, if my amendment works, as I am convinced it will, the American taxpayer will reap substantial benefits in the form of reduced Federal spending and an end to inflationary spirals. If it does not, it will do no harm and will certainly be a more honorable way of coming to grips with our refusal to exercise budgetary discipline.

Mr. Speaker, let me close by mentioning that this specific legislation was endorsed last year by the Oklahoma State Legislature, and the concept has been endorsed by other State legislatures including Virginia and my own State of South Carolina. Endorsement resolutions are presently pending or will be introduced in a number of other State legislatures.

The people want fiscal responsibility. It is time we gave it to them. If we do not we should not be surprised if they want to throw us all out.

Mr. Speaker, I would like to express my appreciation to the more than 30 of my colleagues who have already joined me as cosponsors. Others have expressed a desire to do so, and I plan to reintroduce the amendment in the near future. I want also to express my appreciation to my colleague from Colorado for ar-

ranging this time and to Dr. Moser and the Heritage Foundation for the work which has given impetus to this effort in behalf of new budget priorities and budget responsibility.

Mr. YOUNG of Florida. Mr. Speaker, I want to commend my friend and colleague for setting this special order, so that we can discuss a subject foremost in the minds of Americans and, of course, of our Nation's leaders.

Since most of us agree that budget cuts are necessary and that Federal spending must decrease, I think a pertinent aspect of this special order is, "Where do we cut?" I have watched with concern an apparent eagerness to rush straightaway to the Department of Defense for the first whack. It is easy to point to the defense budget and find it "bloating." Seeking cuts in defense spending costs our liberal friends very little in political terms.

As a result, the antidefense trend has accelerated in recent years. In 1975, the smallest part of the Federal budget since 1940, pre-Pearl Harbor, will go for national defense. In fiscal 1975, the Defense Department's money—like everyone else's—has been cheapened by inflation; it will buy the lowest amount it has been able to purchase since 1951. Further, national defense spending represented 9.7 percent of the GNP in 1956; 6 percent of our GNP was consumed by military spending in fiscal 1974; in fiscal year 1976, it will be an estimated 5.9 percent. The facts speak for themselves. To put it another way, the portion of Federal budget outlays consumed by the Defense Establishment has dropped by almost 30 percent since 1956.

It should be noted here that the DOD has been subject to the same inflationary squeeze as other facets of our Government operation. Personnel costs alone have risen, although the strength of our Armed Forces has been reduced by 40 percent since 1968. Military procurement is more costly, too. Some will recall the B-29 bomber of World War II; it cost \$680,000. Today, to buy a B-1 bomber takes \$48 million, over 70 times as much. The basic jeep cost over \$4,000 in 1964, but by American's bicentennial year, it will go for \$7,000. In a little more than 10 years, the cost of a certain nuclear submarine has jumped over \$100 million. This is little wonder since the Bureau of Labor Statistics has reported that the price of shipbuilding materials rose over 22 percent in 1974. These are just examples of what has happened to the cost of other types of military hardware as well.

All of this is not to argue, however, that the Department of Defense just like every Federal spending agent, including the Congress, does not have some areas where the fat can be trimmed. I am all for the elimination of superfluous activities and equipment; and I heartily call for tightening up and co-ordinating operations in all the forces, so that costly overlap will be avoided.

But I am determined that we must have a quality force, sufficiently capable of "providing for the common defense." For the Congress to allow this defense to become vulnerable would be to desecrate

our constitutional mandate. I, for one, would not want that blame placed upon my shoulders for succeeding generations to acknowledge.

The argument is prevalent today that the United States is No. 1 and always will be No. 1, and that warnings to the contrary are merely the words of fanatical militarists. An organization entitled the Center for Defense Information is doing its part to further that hypothesis.

The center has concerned itself especially with United States military might as opposed to Soviet military posture. It blatantly misleads the public and paints an incorrect picture of the relative strengths of these two nation's forces. But other experts tell it differently. For example, Jane's Fighting Ships—1974-75 edition—acclaimed worldwide authority on the subject, put it this way:

The Soviet navy leads the world in seaborne missile armament, both strategic and tactical, both ship and submarine-launched. Their short-based air force is second to none, and they have mine-warfare forces and a considerable amphibious capability.

In a Heritage Foundation publication, author Dr. Charles Moser cited another individual knowledgeable on American defenses, Edward Luttwak:

Luttwak points out that over the last decade the defense expenditures of our chief political and military antagonist, the Soviet Union, by the most conservative estimates, have risen by some 40%, and its military manpower has increased; while at the same time U.S. defense outlays have declined almost 20% from 1964 in real terms, and military manpower has declined by roughly the same percentage. The United States has managed to maintain a qualitative edge despite these sharp reductions in military expenditure, Luttwak argues, but such a situation cannot safely continue indefinitely.

There is another angle to this which warrants attention and which possibly has not occurred to some people. While human resource programs are often funded from three treasuries—Federal, State, and local—it must be remembered that funding for national defense occurs almost solely at the Federal level. Most grant seekers know that if a project is discontinued on one level they can appeal to someone else and stand a good chance of getting what they want. However, if money for a defense program is cut off at the Federal level, that program is dead.

To illustrate this point, I quote again from Dr. Moser's "Another Budget: Toward a Re-ordering of National Priorities," published by the Heritage Foundation:

According to the Tax Foundation of New York, total federal outlays for social welfare programs in fiscal 1973 amounted to some \$122 billion, with state and local expenditures coming to nearly \$93 billion, for a total of some \$215 billion. This contrasts with defense expenditures for fiscal 1974 of \$81 billion.

Since 1968, total Federal budget outlays have risen by 70 percent. In that same timeframe, defense costs increased by 9 percent; human resources, by 173 percent. Additionally, State and local government spending climbed by 131 percent from 1968 to 1975.

Here are more pertinent facts: Over the past decade, social security and other

retirement and disability programs have increased by 283 percent. Health services, which take in medicare and medicaid, over the same period have risen by 4,418 percent; and public assistance leapt by 365 percent. In the face of these facts, it is folly to argue that defense has claimed a disproportionate share of our Nation's resources.

Finally, it must be added that the military forces do employ many people and stimulate the economy with requests of industry. In light of our current economic situation, this is no mean contribution to America's well-being.

Mr. Speaker, the first order of Government is the defense of the Nation. In today's volatile world so precariously balanced between freedom and communism, the need for military preparedness should require no explaining or defending.

Mr. BURGENER. Mr. Speaker, I am pleased to be participating in this special order dedicated to the pressing problems of our economy. The Federal budget—and most particularly its deficit—obviously plays a major role in our economy. Those who wish the Government to intervene in the economy must first have a clear understanding of how that economy works. If we intervene without knowing what we are doing, we may resemble a man who decides to repair his own watch without understanding its works: it is almost certain that after he finishes with it, it will not run at all. Sometimes I am tempted to conclude that our economy currently is running down precisely because we in the Congress persist in meddling with the economy with too little knowledge. Too many of us, I fear, think we can repeal the laws of economics by passing laws in the legislature. That never has worked, and never will work. Take the wage and price controls which the Congress so blithely authorized the President to impose a few years ago. Robert Schuettinger has published for the Heritage Foundation of Washington, D.C., a brief study of wage and price controls from 2800 B.C. to the present. That study shows that such controls have never worked in nearly 5,000 years of human history. The conclusion from that ought to be that they never will work. Schuettinger concludes his study with a wonderful quotation from Pelatiah Webster, America's first economist, who said:

It is not more absurd to attempt to impel faith into the heart of an unbeliever by fire and fagot, or to whip love into your mistress with a cowhide, than to force value or credit into your money by penal laws.

However, Mr. Speaker, I do not want to dwell on wage and price controls as an example of the damage which can be done to our economy by ill-conceived political intervention. Instead I should like briefly to discuss the emphasis upon consumption in the legislation which this Congress is currently considering.

Let us stop to think for a moment how an industrial society is established. The first priority is capital accumulation or its equivalent. This is more or less some form of saving: Consumption is held to a minimum so that the resources to invest in plants and factories may be accumulated. Once the funds are gathered

together, they are invested in bringing buildings and machines into being. The industrial plant then produces consumer goods, and finally the individual citizen purchases and uses those goods.

Mr. Speaker, this is an oversimplified scheme, of course, and economists are constantly discussing variations and ramifications of it. My point, however, is that there cannot be consumption without production, and there can be no production without capital accumulation and investment. A healthy economy requires a balance of all these elements. We do not want money saved in holes in the ground, or production of things nobody needs, or citizens with money in their pockets but nothing to spend it on. Yet, I submit, the distinct bias of national legislation is toward consumption, with insufficient attention given to the other elements of the economy.

Let us take the tax rebate as an example. The stated reason usually given for the rebate is that this will put money into the hands of the consumer, who then is supposed to consume ferociously: If he does not, we are sometimes told, he will be betraying his duty in effect. Present tax law also encourages the consumer, for interest payments of all sorts are deductible from income, whereas interest income from saving—which is necessary for capital accumulation—receives no such preferential treatment at all. Thus, I believe, if we made a study of Federal legislation we would find a consistent bias in favor of the consumer—especially the consumer who borrows in order to spend—and against the saver. Yet there cannot really be consumers without savers in the long run. This proconsumer bias of our society is reflected both in the national debt and the vast quantity of private debt upon which our economy is built. The idea of the Congress seems to be that we can spend ourselves into prosperity, that we can bring ourselves out of our economic muddle by consuming at an everincreasing pace. Profits and capital accumulation by the corporations are frowned upon and taxed away—but how then are they to produce anything for the consumer to consume?

This entire situation reminds me a little of the historical parallel with the so-called Townsend Movement of the 1930's, which contributed a great deal to the passage of the original Social Security Act of 1935. The movement's founder, Dr. Francis Townsend, also believed we could spend ourselves out of the Depression. He said that since older people were the most "experienced consumers," they should be granted flat-rate pensions of substantial size on two conditions: that they retire from the work force immediately, and that they promise to spend the entire monthly pension within the month of its receipt, without saving any of it. This frenzied consumption would create demand for the factories, Dr. Townsend argued, and that in turn would make it possible for younger workers to return to work.

Mr. Speaker, I would not care to argue that our present frame of mind is entirely similar to Dr. Townsend's, but I do think that the emphasis upon consumption is common to both. Perhaps Dr.

Townsend was a little more sensible in that he did not encourage personal indebtedness quite as much as present policy does. Some may object to that statement, but actually even our current effort to revive the housing market by making mortgage money cheaper or allocating it in some way, even that is precisely urging individuals to take on an even greater load of individual debt in order to support consumption.

It is time for us to pay more attention to the other elements of the economic equation than consumption. One of the best ways to do this is to pare down Government spending, which seems to be for the most part consumption-oriented, and also to take positive action to encourage saving and the orderly liquidation of our tremendous public and private debt. We have made some steps along these lines already—for example allowing a tax deduction for up to \$1,500 per year deposited in a private retirement account—but many more need to be taken. We must allow a balanced economic policy to emerge. The best way to accomplish this in the long run, in my estimation, is through the systematic reduction of Government interference in the economy, so that the market may function more efficiently and more freely.

Mr. ROUSSELOT. Mr. Speaker, the Federal Government's budget and its effect on the lives of all Americans is a most important issue which deserves the full attention of this House. I commend my colleague, BILL ARMSTRONG, for taking this special order today which gives us an opportunity to further discuss the Federal budgetary process.

In President Lincoln's Address at Gettysburg in 1863, he recognized that a free nation must have a government "of the people, by the people, for the people." I am gravely concerned that the growth of Government, the growth of Federal spending, and the growth of Federal powers are eroding the control of the people over their Government, and if we in Congress allow this trend to continue, we will end up with a nation regulated in all aspects by Government.

Recently the Heritage Foundation of Washington, D.C. released a budget study entitled "An Other Budget" which gives an overview of the appropriate constitutional responsibilities of Congress, and emphasizes the importance of reducing or eliminating Federal spending in those areas which are not properly the Federal responsibility. The study effectively makes the point that only Congress can grasp control of the budgetary process, "(B)ut from the congressional perspective, in theory at least, no budget item is 'uncontrollable': what the Congress has done, it may also undo."

Reducing Federal spending is not only important because it would reduce the regulatory control of Government over its citizens, but also because the Federal Government is spending far more than it receives in revenues, which is additionally burdening our Nation with inflation and the resultant recession.

In this regard, I would like to bring the attention of my colleagues a message which appeared in the March 1975 edition of Reader's Digest entitled, "The

'Secret Tax' America Can't Afford." This message was prepared by the editors of Reader's Digest and presented by The Business Roundtable. It explains in concise terms how Federal deficit spending causes inflation which "is a major force driving up the price of everything from hamburger to houses." It also emphasizes that Americans must do their part to limit the growth of government by demanding less in Federal assistance. The full text of the article follows:

THE "SECRET TAX" AMERICA CAN'T AFFORD

Ever wonder why you feel poorer even though you're probably making more money than your father ever dreamed of? You finally bought that house. You drive a nice car. Maybe you're making payments on that boat you always wanted. But why did that new tile in the kitchen cost so much more than you expected? Why did the bill for that washing-machine service call take your breath away? Why do expenses now seem to exceed income?

There is an easy one-word answer to all these questions—*inflation*. But do we really understand what inflation is, and why this "secret tax" keeps chipping away at our paychecks?

Many factors have exacerbated this dollar-dissolving inflation—the energy crisis, crop prices, excessive and ill-advised government regulation, wages outrunning productivity. But the basic cause of inflation is one that most Americans seem largely unaware of: spending money that hasn't been earned yet.

In short, inflation is the creature of debt, and the most inflationary kind of debt is the one we—under our democratic system—are the most responsible for: the public debt. The officials we elect run up this debt to provide the loans, goods, services and programs that we have come to believe should be "paid for by government."

We forget, of course, that "paid for by government" means paid for by us. Government may *print* money, but this is only the symbol of wealth. Real wealth is the value of the goods and services produced by working men and women. It is their pay for making cars, houses, clothes, books, furniture and all the other myriad things we are accustomed to. Government depends upon this wealth that we create, and takes from each of us a portion of it through taxes and other revenues.

Last year we paid out \$255.4 billion in federal taxes. Unfortunately, the government not only spent all this money; it kept right on spending, doling out \$3.5 billion more than we gave it. And it has generally done the same for years—spending \$66.8 billion more than income in the five years 1970 through 1974 alone.

That is where the trouble starts—when we, as electors, allow government, often for individually persuasive reasons, to spend dollars it doesn't have. It goes into debt.

But government and the average citizen go into debt under different rules. Government is the dominant borrower in the market, both from individuals (mainly through selling savings bonds) and by depositing IOUs with banks, then writing checks against them. Result: We taxpayers have to pay various banks and other lenders some \$29 billion in yearly interest on the public debt.

And that's why we are in trouble. We pay all the government's bills, and we bear the burden of those bills government incurs after our tax money has run out. We pay by shelling out that secret tax that adds ten cents to a pound of bacon, \$5 to a pair of shoes, \$20 to an electric stove.

Now this is the part of inflation that most of us don't fully understand: How the government's indebtedness pushes up the prices of the things we buy.

It works this way: We can't print money to cover our own debts. The federal government, however, can; through a complex procedure called "monetary policy," the Federal Reserve creates dollars and transfers them to banks. The banks make loans from these new "assets." Thus, money is "pumped into the economy"—money that was originally nothing more than the figures on a Federal Reserve check; soon more currency has to be printed to cover the new dollars. Many of these dollars originate through bank loans of various kinds. They find their way into the economy through various commercial transactions. But who has established the need for these new dollars in the first place? We have—through the many things we ask government to "do" for us; through loans and grants to businesses, schools, research groups; through "aid" programs of all kinds. Remember, most of these deficit dollars have not been earned by producing anything. They merely compete with our paycheck dollars for whatever goods and services we and others have produced. Result: The oldest of economic laws takes effect. With more money around than available goods, prices rise—and inflation is upon us.

Okay. Everybody talks about it. Almost everybody feels it. But what can we do about it?

Certainly, increased productivity—each of us producing more for the dollars we earn—is one of the most effective counters to inflation. Many businesses and dedicated workers have performed amazing feats of productivity, enabling them to increase their wages and profits while cutting the price of their products to remain competitive.\*

But productivity increases cannot indefinitely make up for the steady cheapening of the dollar brought on by the government indulging legislative whims with more "thin air" money. It's time for some tough decisions in Washington. Decisions that will not be made unless citizens—businessmen, farmers, workers, housewives, pensioners—demand them and are willing to accept the sacrifices that must be made.

Particularly in times such as these, no one would deny the use of federal resources to take care of the truly needy. And to alleviate the rigors of recession, job programs and other relief may well be essential. But with additional costs, it is even more imperative that the rest of the budget be kept under control so we do not wind up compounding the inflation which brought about the recession in the first place.

If we expect government to cut spending, however, we must all cut our expectations of government. Businessmen seeking special treatment to pull them out of a hole dug by their own inefficiency must make do with their own resourcefulness. Special-interest groups must stop and consider the overall effects of their requests upon government, and thus upon inflation. Citizens must realize that government installations may close in their area. Because the money is not available, certain nonessential programs may have to be delayed or even discarded.

We, all of us, are trying to hold the line on spending at home, and we should expect government to do the same. We only fool ourselves if we think real progress can be made without getting the government's fiscal engine back in tune.

And remember, we are the government. That's why we can do something about inflation—if we have the sense to discipline ourselves and the ingenuity to get more out of the considerable human and material resources we already have.

\*See "Whatever Happened to the Nickel Candy Bar?" The Reader's Digest, February 1975, page 42.

Mr. Speaker, it is my firm conviction that the greatest service we could possibly render our constituents would be to free them from overregulation by government, an excessive tax burden, and the inflation caused by Federal spending policies. This can be accomplished—and must be accomplished—by reducing the size and scope of the Federal Government, and operating on a sound fiscal policy that would balance expenditures with anticipated revenues. I have sponsored and supported such legislation to require that Congress bring the budget into balance, and I will continue to be an advocate for the return of a government that truly serves the best interests of the people.

Mr. GOODLING. Mr. Speaker, I am pleased to participate today in a discussion of one of the more vital questions—indeed, perhaps the most vital question of our day and this Congress—and that is the problem of the looming budget deficit which confronts us.

It is important that we try to do a little projection of the possible long-range results of fiscal profligacy with the 1976 budget, and perhaps envision a scenario—to use a fashionable word—of future developments within the next few years.

Let us assume first of all that the budget deficit does, indeed, approach or even exceed \$100 billion for fiscal 1976. It was only some 13 short years ago, in 1962, when the entire Federal budget passed \$100 billion for the first time. We were probably more upset about that than we are now about a deficit of that amount. It is difficult to determine what size deficit would spell doom, but it appears that a \$100 billion deficit is moving in that direction.

Mr. Speaker, the deficit is plainly not going to be financed by a tax increase, and there is considerable question whether it should be. Nor will it be financed through borrowing in the capital markets, since the total of the deficit is in the neighborhood of the size of all capital which is available for public and private borrowing. That leaves monetization of the debt—printing of paper-money to cover the debt—as the only means of financing the debt, and it is just this path which is recommended by the staff of the Senate Budget Committee in its report entitled "Macroeconomic Overview," distributed last January.

The authors of that report, however, maintain that monetizing the debt will not result in any significant inflation, but Arthur Carol, economic adviser to Senator WILLIAM BROCK of Tennessee, shows very convincingly in a critique published in the recent Heritage Foundation study of the Federal budget entitled "An Other Budget: Toward a Reordering of National Priorities," the fallaciousness of that entire argument. That argument cannot be summarized in the little time I have at my disposal. Suffice it to say that in my judgment a deficit of these mammoth proportions will indeed rekindle a vicious inflation, which would very probably reach an annual rate of 25 or 30 percent. If we think that could not happen here, we have only

to look at Great Britain over this last year.

What will happen if we do encounter such an inflation rate? Let us recall that inflation was running at only some 6 percent when political and public pressure forced President Nixon to impose wage and price controls on the country in August of 1971. The cries for the reimposition of such controls were heard loudly and often from the Democratic leadership not so very long ago, but the experience of the inevitable failure of those controls was too fresh in the mind of the administration to allow it to follow this advice. But if inflation explodes as a consequence of this budget in the manner I anticipate, the pressure for wage and price controls will again become almost irresistible.

No wage and price controls can possibly work to hold wages and prices stable under such inflationary pressures. Those pressures will lead to drastic shortages, of the sort we have already experienced in considerable measure, and the development of a black market in which will operate people willing to pay and receive higher prices than those "legally" allowed. This in turn will require the hiring of even more bureaucrats whose job it will be to enforce the legal prices, as well as still others to see to the task of planning industrial production. These Government officials will have to be paid for through additional taxation, and as they will decrease production through their regulation and interference, the Federal budget will increase even further.

The upshot of all this will be the demise of the free enterprise system. Free market is not just the best mechanism man has stumbled on for the production and distribution of goods and services: it is also the indispensable prerequisite of the personal freedoms which we in this Nation so cherish. A people willing to accept regulation, restriction, and rationing in the economy are hardly likely to balk at regulation, restriction, and rationing in the sphere of freedom of the press, political freedom, and so forth. Why should people object? You cannot eat freedom of the press, after all.

Mr. Speaker, I realize that the picture I paint is a gloomy one, but I truly believe that our situation is an exceedingly dangerous one. I hope that the scenario I have sketched may be proven wrong if our views do not prevail in the 94th Congress. It is vital, however, that they be stated in coherent form, as we are attempting to do in this special order. For the central issue involved in all these sometimes esoteric debates on capital markets, allocation of credit, and so on, is really one about what sort of society we want ours to be: a regimented society or a free society. Regimentation has many advocates in times of economic hardship and social upheaval, but we must stand for the supremacy of the free market in economics and the free citizen in politics and society. That, I suggest, is what the American experiment was all about when it began some 200 years ago.

Mr. SYMMS. Mr. Speaker, I am pleased

to have the opportunity to participate in this exchange of opinion on the Federal budget, an exchange of opinion which I think is very much needed in view of our current fiscal situation.

In the President's budget for fiscal year 1976, submitted to this Congress recently, there is a summary table in the back listing the Federal deficits for each year since the founding of our Nation. Perhaps a few thoughts on that one-page table might be in order.

Balancing the budget of such a mammoth organization as the Federal Government is, of course, no easy task but it does turn out that in some years we came respectably close to doing so in recent memory. In 1960, for instance, we had a small surplus of \$269 million, and even in 1965, when the great society programs first began to be enacted, we were in deficit by a mere \$1.596 billion. That is a lot of money, of course, but there is no doubt that we would be deliriously happy if we could even approach that figure in fiscal 1976.

In 1969, for example, for the last time—and for the only time in the last 15 years—we ran a budget surplus of \$3.2 billion. The effort must have exhausted us, however, for we immediately began moving into the red. In 1971, for example, with our involvement in the Vietnam war winding down, we ran what was at that time the second largest deficit we had displayed since the end of the Second World War: slightly more than \$23 billion, a figure that was almost exactly duplicated in the following year, 1972.

I think most of us remember very vividly the feeling of alarm which the Nation experienced thanks to unenlightened national newscasters in the summer of 1971, when inflation was running at an alarming annual rate of 5 or 6 percent and public clamor impelled President Nixon to impose an ill-fated system of wage and price controls. Somehow or other the deficit then began to decline, and in 1973 the deficit amounted to \$14.3 billion, in 1974 sinking to a mere \$3.4 billion. From 1969 to 1974 our total deficits had come to a total of better than \$65 billion, and I submit that this accumulated debt had a great deal to do with the roaring inflation which has struck our Nation during the calendar year of 1974.

Still in 1973 and 1974, the deficit was dropping rather rapidly, and I suspect that in terms of inflation at least we are reaping the benefits of that greater fiscal responsibility right now. The year 1975 just may be a fairly good year for the Government's task of maintaining the integrity of our money, and if the economy is left alone sufficiently to deal with the dislocations imposed upon it by past deficit spending and wage and price controls, it might adjust itself to the new conditions.

At least this adjustment would probably take place if it were not for the unbelievable deficit which the proposed fiscal 1976 budget presents for our edification: an outrageous \$52 billion in the President's own budget. Moreover, with

the additions which even the President is asking for, many others which the Congress is giving him without his wishing them, and the dispute currently raging over whether the income tax cut this year should be \$21 billion or \$31 billion, the budget deficit is entirely likely to reach almost unimaginable proportions. In fact, by the time one adds together the decrease in revenue with the increase in expenditure, it is not at all impossible that the deficit may rise to a sum over \$100 billion.

A deficit of that magnitude would be something we have really had no experience in handling. In any case, that deficit combined with the projected deficit for fiscal year 1975, which is estimated by the President at \$35 billion and which could easily reach \$50 billion—all this may very well mean that after a period of relative price stability during calendar year 1975, by calendar year 1976 we may be heading into another inflationary era when the inflation rate could top 25 percent. This is hardly an impossible figure: Great Britain even this year has experienced something close to that. But those who will suffer the most from such an inflation will again be the poor and the old, and we will again be called upon to raise social security benefits drastically and provide increased assistance for the poor, until the spiral of expenditure and lowered income brings us to a depression which will make the current economic situation look rather like prosperity.

The time to halt the cycle is now. The Heritage Foundation study of the Federal budget helps to point the way by providing a general theoretical justification for budget restraint and reordering as well as concrete suggestions for reducing the budget. Those of us who hold elected office are very wary of offending any constituents whose benefits may be reduced by our actions. But we must start somewhere, and I surmise that if we act responsibly it will turn out not to be so difficult to say "no" as we may think. If we do not act now, we may overstep that quantitative boundary beyond which it is impossible to return to fiscal sanity without major social upheaval.

Mr. CRANE. Mr. Speaker, it is my pleasure to join with my distinguished colleague from Colorado, Congressman ARMSTRONG, in this special order on the Federal budget. There is no more important issue facing the American people today and my colleague is to be congratulated for taking the lead on a matter that is desperately in need of some commonsense solutions.

Not since the days of the Great Depression has America faced an economic situation as serious as the one we face today. Regrettably, there are no easy answers; no solutions that do not involve some degree of discomfiture for some people.

For the first time in our history, America is faced with inflation and recession occurring simultaneously. For years, economists have told us that because of increased Federal controls over the economy it would be difficult, if not im-

possible, to have another collapse like the one that began in 1929. What they did not tell the American people was that these increased controls could so interfere with the workings of the marketplace that prices could rise and productivity could fall simultaneously. That is exactly what has happened.

Any time the supply of money increases faster than the rate of productivity, prices will escalate. The reason for that is simple. There is more money available to buy fewer goods—relatively speaking—which means that increased demand for these goods pushes up the price of them. Or as the classic definition runs, inflation is simply a case of "too much money chasing too few goods."

A number of things can produce rising prices but all deal, one way or another, with this ratio of money to productivity. For instance, when the Federal Government spends more money than it takes in, the deficit can be made up by increasing taxes, selling bonds in the private market, selling bonds to the Federal Reserve, or printing new money. The first two have minimal impact on prices since they do not increase the quantity of money in circulation. The latter two have a considerable impact however since they do increase the amount of money available to spend while failing to provide for a corresponding increase in productivity.

Likewise, if Government controls cut down on the incentive to produce, or make it more difficult to produce, the same thing will happen. There will be more money chasing fewer goods. This is why wage and price controls have been notoriously ineffective in holding down prices.

In the present situation, we have both excessive Federal spending and monetization of the debt as well as too much Government regulation. This has pushed prices up, interest rates up, has prevented necessary capital formation to create new jobs and increased production, has made it almost impossible for banks and businesses to plan for the future, and has resulted in massive redistribution of wealth by cheating creditors out of their just due. As a result we have a combination of inflation and recession.

Perhaps this problem could have been avoided if we had dwelled a little less on economic theory and a little more on some of the older lessons of history. America has become the most prosperous and powerful Nation on Earth, not by government doing things for people but by people doing things for themselves. Americans built this country, its business and its industry, by the sweat of their brow. The marketplace, uncluttered by excessive governmental regulation, determined success or failure through consumer democracy. The law of supply and demand ruled and ruled well; efficient producers were rewarded and inefficient ones fell by the wayside. Without undue restrictions the lure of new markets, at home and abroad, gave the efficient producer the incentive to expand and become still more efficient. Then, with the

emergence of interchangeable parts, the assembly line, and new technology, we became the world's foremost agricultural and industrial power. Of course, we were lucky to have an abundance of resources, but the key ingredient was freedom—economic and political.

The Great Depression and the experience of World War II changed things. America survived both to become the preeminent world power economically and militarily. But, at the same time, many Americans who lived through those traumatic years were determined that their children would not have to face the same experiences. The result was that economic security became a goal coequal to economic prosperity.

Since the free market, by definition, involves a certain amount of risk, post-war Americans in their search for economic security sought to minimize those risks by turning to the Federal Government for protection. Gradually, regulations and subsidies that were begun in the 1930s as a response to the depression were expanded to provide financial security under very different circumstances than existed during the depression. Sooner or later, the internal inconsistency of seeking economic security, which necessitates a growth of Federal controls, and economic prosperity, which involves just the opposite, was bound to catch up with us. Unfortunately, in the drive for security, many Americans forgot that America was built by people taking risks and doing things for themselves, not by Government trying to protect them and do an ever increasing number of things for them.

The first signs of difficulty came about as a result of the rapid increase in Federal spending. From a level of \$9 billion in fiscal year 1940, Federal spending increased to \$106 billion in fiscal year 1962, to \$211 billion in fiscal year 1971 and then to \$313 billion in fiscal year 1975. Now, for fiscal year 1976, the administration is projecting a budget of at least \$350 billion, and I would not be at all surprised if the final figure reaches \$375 or \$380 billion.

Unfortunately, Federal revenues have not been able to keep pace with such spending. Since the end of World War II, there have been only seven budget surpluses, totaling \$23.4 billion, compared to 22 budget deficits that add up to an astronomical \$200 billion. As a consequence, the national debt has soared from \$268.7 billion in 1946 to a level of \$501.6 billion today. Also, as a consequence, the 124-percent rise in the national debt has been more than matched by a 186-percent rise in the cost of living over the same period.

Alarming as those figures are, the picture for 1976 and beyond is even more grim. The anticipated deficit for fiscal year 1976 started in January at \$45 billion, jumped by February to \$51.9 billion, by March to \$56.5 billion, and is still rising. Such a figure is surpassed—at least for the moment—only by the World War II produced deficit of \$57.4 billion in 1943, and is greater than any peacetime budget prior to 1952. Worse yet, it is anticipated that, for the next few years, at least, we will see budgets with similar deficits.

Not only do these huge deficits produce large jumps in both the national debt and the cost of living, but they also have a negative impact on the availability of capital for investment. There is only so much capital to go around and according to Secretary of the Treasury, William Simon, governments—Federal, State, and local—will require 80 percent of what is available in fiscal year 1976 just to cover the deficits projected at the time of the President's state of the Union message. That leaves only 20 percent for business and industry which will mean higher interest rates, disintermediation, and insufficient funds to finance the expansion and modernization programs so essential to increased productivity, higher employment, and economic recovery. And if the Federal deficit reaches \$75 to \$80 billion, which many experts are now predicting, there will be virtually no capital for the private sector.

Of course, as I mentioned earlier, the lack of capital is not the only barrier to increased productivity. The proliferation of Federal rules and regulations is another major obstacle which, like Federal spending, has grown alarmingly in recent years. In more prosperous times, the free enterprise system itself was considered the consumers best protection against shoddy goods; nowadays, Government has taken upon itself to protect people not only from others but from themselves. One can not even start a car these days without some buzzer reminding him, in some cases forcing him, to buckle his seatbelt.

Of course, all these things cost money—which means higher prices. In addition, all the redtape and paperwork businesses must put up with in order to get a permit or a license costs millions of dollars that could have otherwise been spent for plant expansion or equipment acquisition. For instance, a recent study revealed that Federal paper pushing requirements today—exclusive of bank and IRS forms—account for 130 million man-hours annually. Moreover, many of the rules and regulations promulgated by various Federal regulatory agencies put a damper on competition rather than stimulate it as was originally intended.

Perhaps the best examples of this are the Interstate Commerce Commission, ICC, the Federal Communications Commission, FCC, and the Civil Aeronautics Board, CAB. In their respective areas, each has preempted the free market system by helping determine who gets what piece of the business and how they shall run it. Moreover, both the ICC and the CAB engage in rate regulation that amounts to price-fixing just as surely as if a single company had developed a monopoly over the truck, railroad, or airline industry.

For example, if one buys an airline ticket in California to fly from Los Angeles to San Francisco, it costs \$16.50. Yet if the same ticket is purchased in New York, where it becomes subject to CAB control, the cost is \$23. Moreover, it is estimated that, without the CAB, airline fares from New York to Los Angeles and from Washington to Chicago could be reduced \$73 and \$19, respectively. I know that if I could save \$38 on a roundtrip

ticket every time I went back to my district, I would certainly be encouraged to buy more consumer goods and thus do my bit to stimulate productivity.

Instead of a truly competitive system, what has emerged is a system that increasingly shuts new entrepreneurs out and jeopardizes the survival of established businessmen by denying them the right to do things as efficiently as they might and by adding arbitrarily to their costs and thus the costs of the consumer. To cite an example, one of the representatives from the auto industry recently testified in Washington that the cost of mandated safety features plus emission controls will add \$1,200 to the cost of "economy" model cars by 1978. All of this, of course, simply fuels the fires of inflation and leads successively to reduced purchasing power lower demand for goods, cutbacks in production, unemployment and finally recession.

Trying to beat inflation by increasing the benefits paid to people under various income support programs, or by providing makework jobs is ineffective because it aggravates the basic problem. Expenditures of this sort contribute to greater deficits, increased deficits mean more inflation, more inflation means more business failures and unemployment, all of which creates a vicious circle that can only end in depression. To put the prime emphasis on fighting recession instead of inflation is to fight symptoms instead of causes or be like the dog chasing its tail. The effort is doomed to failure and all Americans, including the recipients of increased benefits are likely to come out losers in the long run. A more appropriate remedy would be to increase productivity while reducing the spending deficits that cause inflation.

As long as increased Federal spending is combined with expanded governmental regulation of the economy, the ingredients are present for not just a recession but for a major economic disaster. Yet, instead of an allout effort to cut the budget, Congress, which has been controlled by the Democratic Party 40 of the last 44 years, has been leading the charge in favor of rolling up bigger budget deficits. When the previous administration tried to hold down spending, Congress did everything it could to thwart those efforts. Now, when the present administration requests rescissions and deferral Congress rejects all but a small percentage of them. Other examples of recent congressional unwillingness to exercise fiscal responsibility include the tax reduction bills passed by the House and Senate, the support expressed for an even larger public service employment program, the calls for an expanded public works program and the refusal to go along with a reasonable cut in the runaway food stamp program.

As far as cutting back on Federal regulation is concerned, the picture is scarcely brighter. Today we have 12 departments and 75 agencies strangling business. We have created 20 new agencies just since 1967 and if that were not enough, Congress is again contemplating the passage of a Consumer Protection Act which, if it takes the form of the bill that was killed last year, would create a consumer

superagency with the power to drag other Federal regulatory agencies into court. For the businessman who is already at a loss when dealing with Federal regulatory agencies, the prospect of one agency's rulings being challenged by yet another agency is almost too much to contemplate. There is no way they can plan for the future if they are left in constant doubt as to what they can or cannot do and when they can or cannot do it. Of course, the ultimate loser will be the very consumer whom the Consumer Protection Agency is supposed to protect.

I intend, in the not-too-distant future, to present specific proposals to cut the budget and to reduce, or eliminate altogether, those Federal regulatory agencies that help contribute to both inflation and recession. These are top priority items and I hope Congress will act affirmatively on them as soon as possible.

In addition to these measures, I would agree with those who argue that the economy needs a boost in the form of a tax cut. On the surface, it would seem that a tax cut at this time would run counter to a policy of reducing the Federal deficit, but the proper type of tax cut will more than pay for itself in increased tax revenues generated by the economic recovery thus stimulated. This is what happened when taxes were cut in 1964 and, if properly done, I think the same thing could happen today. Certainly, it is better to give private enterprise a boost and let it create productive new jobs than it is to spend the same amount of money on unproductive make-work jobs, unemployment benefits, or welfare.

Another reason a tax cut is such a good idea is that taxes are too high already. The average American pays out approximately one-third of his income in the form of direct taxes to all levels of government and the percentage is rising all the time. This past year, while food costs were rising by 12 percent, housing costs 13 percent, and fuel costs 14 percent, taxes rose a whopping 25 percent. If people are to have the money to spend on goods and if companies are to have the capital to produce those goods, then we need to turn the tax trend around so that more money is available to the private sector. As it is now, there is little incentive to produce when so large a portion of one's earnings are going to the government in the form of taxes.

The question is, therefore—what constitutes a beneficial tax cut?

After examining the tax cut bills that have passed the House and Senate it seems to me we are missing the mark. The bill passed by the House, for instance, is not really a tax bill that will help stimulate the economy; rather it is more of an income redistribution bill that will give the primary benefits to those who are the least likely to make the purchases that will get the country's economy moving again.

Objectively, it is the person in the \$10,000 to \$20,000 a year earnings bracket who carries the heaviest tax burden. Yet, according to AFL-CIO estimates, H.R. 2166 will be of no benefit to those in that income bracket despite the fact they constitute over 46 percent of all taxpayers. No one is denying that low-income

families have been hurt by inflation. But, from an economic recovery standpoint, giving them the bulk of the tax rebates is not going to help any more than giving rebates to the very wealthy.

For this, and a number of other reasons, I voted against H.R. 2166 when it came before the House of Representatives. The bill not only dealt inequitably with middle-income Americans on whom economic recovery depends, but it failed to include revenue-producing features that would offset the tax losses resulting from the rebates. Furthermore, the bill included language to end the oil depletion allowance, language that should have been considered as a separate measure rather than as part of this tax bill.

A far more effective method of tax reform, and one that would be fair to people in all income brackets, would be what is known as tax indexing. Tying such things as tax rates, standard deductions, personal exemptions, depreciation allowances, and interest rates paid by the U.S. Government to the cost of living would give the American taxpayer protection against higher taxes due solely to inflation. As it stands now, wage increases in response to inflation simply push people into higher tax brackets without adding to their purchasing power. As a consequence, an ever-increasing share of their income is paid out in taxes.

According to Dr. William J. Fellner, a former member of the President's Council of Economic Advisers, personal income tax payments in 1974 increased \$8 billion and corporate tax payments went up to almost \$20 billion, simply on the basis of inflation. However, if Congress were to pass the tax indexing bill sponsored to date by 35 Members, myself included, the savings to the American taxpayer would come to some \$17.6 billion. Such a cut would be in the same ball park as the tax cut recommended by the President.

Tax indexing has one other advantage. It takes away from the Government any incentive it might have to promote inflation. With almost \$28 billion coming in last year as a result of inflation, it is easy to see how such an incentive could develop within the Federal bureaucracy. Whether it has or not is another question, but by enacting a tax indexing bill we would make the answer academic.

Obviously, there are other measures that could, or should, be considered within the context of unraveling the mess into which we have enmeshed ourselves. Certainly energy is one of these. But, rather than get bogged down in an effort to solve all our problems at once, I think we need to attack the most immediate problem first. And that problem is the cruel one of inflation and its handmaiden, recession.

The cure will not be easy but if we work on the premises that Federal spending must be cut, Federal regulation must be reduced, and tax cuts must be used to stimulate economic recovery, rather than to redistribute income, we will make the greatest progress in the shortest time in dealing with our immediate dilemma. More importantly, we will re-establish the economic vigor and

strength that made the United States the envy of the world.

Mr. BAFALIS. Mr. Speaker, I am pleased to have the opportunity today of participating in this special order on the budget problems of the Nation. Since coming to the Congress over 2 years ago, this subject has been my major concern. Unfortunately, it does not seem that too many other Members of Congress, or at least not a majority, share my concern in this matter. And, in my mind, that is indeed tragic because those elected to positions in the House and Senate are those charged with the responsibility of charting the economic path this Nation will take. At the present time, we are traveling a very rocky road—and a very dangerous one. It is my sincere hope that, through special orders such as this, and through constituent mail, and the actual course of economic events, we will be able to convert those who now advocate Government spending—huge deficit spending—as the cure-all for our Nation.

Mr. Speaker, I would argue that the ever-increasing national debts from the past 20 to 30 years are, indeed, a sad commentary on our political structure and our political leadership. And while some might argue that budgets are made by the executive branch, and not the legislative branch, I would say to them that the Congress and the Congress alone has the power to appropriate moneys. Therefore, the end responsibility lies here in this Chamber and the one which this adjoins, the Senate.

It has recently come to light that several Presidential campaign committees from the 1972 campaigns left their creditors with very substantial losses—the telephone companies being the chief fall guys in this matter. While these former candidates go about their daily business here in the Congress, consumers everywhere are having to pick up the tab for their hundreds of thousands of dollars of bad debts. This coupled with the sad track record of the Congress in matters of fiscal responsibility, could lead the Nation to conclude that politicians simply are not responsible at all. What a tragedy. For the people in the Halls of Congress should be the most responsible men and women in the country since they are charged with the sole responsibility of the fiscal stability of this Nation.

The problem of fiscal irresponsibility is compounded at the national level, of course, by the fact that the Federal Government can "create" money to monetize Federal deficits, and that the Congress is besieged by professional economists skillful at confusing economic matters to such an extent as to make many legislators believe that deficits are really a good thing—or at least they are if you control the printing presses that print the money. As a member of the House Ways and Means Committee, I have seen this first hand, and it is indeed frightening.

In this connection, Mr. Speaker, it is interesting to compare the records of certain of the Nation's Governors in recent months. Several of them who were elected on liberal platforms have suddenly discovered that their States are facing considerable deficits. What are they to do with them? A major differ-

ence between a State government and the Federal Government is, of course, that the State government cannot create money as the Federal Government can. This forces Governors to confront the choice of either raising taxes outright—and in this economic situation this is hardly a tenable choice—or cutting back governmental spending. And, in this case, almost all of them are concentrating on cutting back the expenditures of State government because they realize this is the only way they can be fiscally responsible.

Perhaps in this difference of approach between political leaders at the State and national level, we can read out one or two valuable lessons. One is that State political leaders will respond to fiscal discipline if they must—but since national political leaders are not subjected to the same fiscal discipline they often make bad decisions leading to horrendous budget deficits which are at the heart of the vicious inflation which has plagued our economy for the past 3 years. Another lesson is that, given the stark choice between increasing taxes and diminishing governmental services, the latter is still the politically more palatable choice—if, that is, those are the only two choices available. It is the availability of the third was—that of starting up the printing presses to finance deficit spending—which makes national leaders so weak in dealing with fiscal matters.

It is my sincere hope that the national political leaders, here in this House will finally realize the necessity of making these tough decisions. For many, it has been a long time since they voted against a single appropriations bill. While this is one way to make everybody happy, it is a total abandonment of the responsibility we were charged with when sworn in as Members of this body. This Nation is in desperate need of political leaders who are willing to say no when it is not in the best interest of the Nation. And deficit spending is not in the best interest of this Nation.

Mr. HAGEDORN. Mr. Speaker, I would like to thank my able colleague for calling this special order today, so that we can discuss a subject foremost in the minds of Americans and, of course, of our Nation's leaders. Evidence of this country's economic distress meets us daily in our personal lives. "Uncle Sam" meets these problems each day, too. But while the average citizen has adjusted and handled his fiscal problems fairly well, "Uncle Sam" has bungled his.

In calls for reversal of today's economic trends, we have heard it said repeatedly that "something must be done," or "the time to act is now," and so on. Those phrases sound fine, but all too often they have been nothing more than empty rhetoric. Hopefully, today's colloquy on budgetary matters will inspire corrective action by the Congress, for we must bear much of the blame for the current crisis, and only we have the power to initiate effective remedies.

Now what has happened to cause this financial chaos? Primarily, excessive Government spending. The first \$100 billion budget was reached after 186 years

as a nation. It took only 9 more years for the country to require a \$200 billion budget for its operation. A \$300 billion budget was needed almost overnight—after 3 more years.

The United States is in the throes of what I call the credit card crunch. A generation of Americans has been weaned on the use of the credit card; and it appears as if Uncle Sam has fallen into the habit of carrying a pocketful of these. This may be a convenient plan for private citizens if handled properly. But the bills must be paid, and paid promptly. "Uncle Sam" has charged on his accounts, and he has often failed to pay his bills. And the interest he owes as a result is staggering. In fiscal year 1976, \$34.4 billion will be needed just to pay the interest on the public debt. This amount is up by more than \$3 billion from the past year, fiscal year 1975.

Furthermore, a balance sheet today would show considerably more red ink than is healthy. In recent years, a deficit has been written into the Federal budget as an accepted fact. Yet, by no means should its existence be deemed acceptable. A budget deficit of \$30 billion plus is simply not responsible, and one hardly knows what to call a deficit which approaches \$80 billion, as does the one for fiscal year 1976. With that kind of yearly increase, the mind staggers over what the deficit may be by the year 2000.

We have no right to saddle our children with this burden of debt. It is our duty to preserve that system for which we have asked them time and time again to give their lives. We call on them to fight our wars, and they have fought valiantly throughout our Nation's history. We owe it to them to hand over this country in the best shape possible; we should not ask them to pay our bills.

Mr. HUTCHINSON. Mr. Speaker, I want to thank our colleague Mr. Armstrong for taking this time to discuss a very important issue—the Federal budget—and a landmark study on the subject, the Heritage Foundation's "An Other Budget—Toward a Reordering of National Priorities" by Charles Moser and Arthur Carol.

Mr. Speaker there is one aspect of our current economic situation which I believe deserves particular attention. Considerable discussion has been given to the fact that inflation is a result of Government action because inflation results from an increase in the money supply and only the Government can create money. Aside from issuing fiat money—that is money which has nothing of value backing it—there is one very simple way in which a government such as ours which is not on a gold standard can increase the money supply. That is by deficit spending.

It is a matter of elementary economics, but let me outline the process as a background against which to frame the point I want to make. First, the Federal Government spends more money than it takes in. This deficit is then financed with borrowed money, obtained primarily from the sale of Government bonds. These bonds, in turn, are purchased by private investors, primarily private banks which then resell them to the Federal Reserve. The Federal Reserve can issue new paper

money or credit to pay for the bonds and to the extent this option is exercised there is an increase in the money supply. The additional new money in circulation makes each dollar worth less, causing pressure for higher prices and leading in turn to a demand for higher wages. All the economic theorizing to the contrary notwithstanding, there simply are no other significant factors which cause inflation.

And most of us are aware by now that the Government causes inflation. But the point I want to emphasize today is that, as a result of mistaken Government efforts to curb inflation we now have not only inflation but recession. Why? Again, it is quite simple. Responding to nearly a decade of worsening inflation, in 1971-72 the Government imposed wage and price controls, but went merrily on piling up new deficits. Thus, the money supply continued to increase but prices and wages could not increase to compensate for the decreasing value of the dollar. The result—predictable to any precocious 10-year-old—was economic stagnation, growing unemployment and recession, accompanied by continued though somewhat less severe inflation.

My point, then, is that Government efforts to resolve a problem of its own creation resulted in exacerbation of the problem.

When is Congress going to learn that we cannot manipulate our way out of this situation by some sort of legislative magic or economic miracle working? Through a failure of discipline and responsibility we—and the people—will have to face up to the hard choices. Those choices are two in number: Fiscal belt tightening now or economic collapse at some point in the not-so-distant future. Balanced Federal budgets are a remedy that will indeed be painful before the disease is cured. But they are the remedy. It is, as Milton Friedman has so colorfully put it, like going on the wagon. Let me quote him:

Technically, inflation isn't terribly difficult to stop. (But) . . . when you start to take some action against inflation . . . the bad effects are felt right away. People are out of work. Interest rates go up. Money gets tight. It's unpleasant. Only later do the good effects of an end to rising prices show up. The problem is getting through the painful cure without wanting another drink. The greatest difficulty in curtailing inflation is that after a while, people begin to think they'd rather have the sickness than the cure. What they don't realize is that once the cure has taken effect, it's possible to have both economic growth and price stability.

The irony is that as a result of a year and a half of wage and price controls, we are experiencing the withdrawal effects Friedman describes but we are no farther along the road to a cure. In fact, we are worse off than we were prior to 1971-72.

Wage and price controls do not constitute viable action against inflation. They treat symptoms, not causes. They have about the same effect as a band-aid on a cancer.

The Heritage Foundation, which published the "Other Budget" we are discussing today, has also published a monograph by Robert Schuettinger entitled

"A Brief Survey of Wage and Price Controls from 2800 B.C. to A.D. 1952," which demonstrates that throughout history, wage and price controls have never worked and, in fact, invariably cause worse problems than they resolve. Yet we keep using them.

Mr. Speaker, this Congress has a historic chance to prove that democratic government can deal with economic crises in a fashion that leads out of the morass rather than deeper into it. We have been provided with a searching analysis of what is wrong with our present priorities and how we can make the budget cuts necessary to begin bringing expenditures in line with reasonable revenues. It is up to us to heed the warning signs and act in a responsible fashion. If we do not, we will bear a heavy responsibility for the hardships that will ultimately befall this Nation.

I for one have had enough of the permissiveness of economic advisors who tell us we can solve the problems created by deficits by increasing the size of those deficits. I have had enough of the Polly Anna's who keep telling us economic recovery is right around the corner. The longer we delay in taking responsible action, the more prolonged will be the withdrawal.

Let us get on with it.

Mrs. HOLT. Mr. Speaker, the question of economic regulation has become a sore point in recent months, especially during the inflationary period of the last 2 years. Persuasive evidence exists that the sort of economic regulation indulged in by the Civil Aeronautics Board and the Interstate Commerce Commission imposes vast costs upon the economy in addition to the direct costs of actually administering the regulating agencies.

Periodically over the past 25 years, Presidents have requested studies of the regulatory agencies with an eye to reform, but none of these studies has led to very much. President Ford is the latest in that line of Chief Executives to request such a reevaluation, and let us hope that this time more reform will ensue.

The regulators seem to have been stung a little by the outcry this time, and some of the commissioners of the ICC have been giving speeches full of dire predictions of chaos and dark night if regulation is even eased, much less eliminated. Removing regulation, they say, would be like abolishing traffic lights—carnage and economic destruction would ensue. That is the standard argument of the regulators.

However, no amount of bureaucratic rhetoric can conceal the fact that the ICC is in the business of restricting competition, preventing the free market from providing consumers the most for their hard-earned dollars. By fixing transportation rates at artificial levels, the ICC is fixing the price of the goods being transported.

The ICC came into being in 1887 to regulate the railroads in the "public interest," as there was no air or motor transportation at that time. Historical research has pretty well established now that the railroads wished to be regulated, because they had been unable until then to maintain a private cartel.

In 1975, however, it turns out that the railroads have seen the light. But it may be too late for the railroads, because in their mismanaged state of regulation, they have begun to collapse at an alarming rate.

The merger of the Pennsylvania and the New York Central in 1968 was hailed then as the solution to their problems, but now the combined line is in such sorry financial condition that it has had to obtain emergency fiscal aid from the Congress just recently, and several other lines are also seeking extensive Government subsidies.

The establishment of Amtrak for passenger service and ConRail, a Government corporation for freight, I am afraid, point the way toward the ultimate resolution of the whole problem: Nationalization.

Note that I said nationalization was the "resolution" of the problem, not the "solution." Nationalization will be even worse than regulation from the economic point of view, except that the losses will now be covered by the public purse and the inflation in costs will be even worse.

Some may object that the trains were pretty much on the way out, anyway, and so were not economically viable. I do not believe this, but if it is so, then the Congress is foolish indeed to subsidize failing railroads and try to make a go of Amtrak.

We may also consider the situation of the airlines under CAB regulation. Certainly as far as passenger service goes the airlines are quite competitive. Yet, as is often pointed out, since the CAB was founded in 1938 not a single new airline has been permitted to enter interstate commerce, and now we find such giant corporations as Pan American in much the same straits as the railroads. They need vast subsidies from the Government, they say, if they are to survive, despite the Federal subsidies which have already been put into such things as the construction of airports.

I fear, Mr. Speaker, that economic regulation is simply an intermediate step between genuinely free enterprise and nationalization of the sort exemplified by the Postal Service, which surely ranks very low on anyone's list of efficient enterprises. The Heritage Foundation's "Other Budget" says in this connection:

At this stage of the history of the regulatory agencies, we are probably approaching a crossroads: we may continue or intensify the regulation of private industries and move toward the nationalization of a large segment of the economy; or we may work for the deregulation of those industries and restore and strengthen the workings of the free market economy.

I urge that we begin to look at the budgets of the regulatory agencies very carefully indeed, with the intention of before long either eliminating them altogether or drastically reducing their reach.

Mr. KEMP. Mr. Speaker, this colloquy gives us a valuable opportunity to talk about the problems of the budget.

Too often when the time comes to vote on individual appropriations bills, we become so involved with specific spending questions that we have inadequate

discussion on the larger questions of spending policy.

The most relevant question to be raised about the budget is the relationship between military expenditures and domestic spending. We are told often that our priorities may be all wrong, that we should be spending more and more to meet human needs within our country. And yet I submit to you that if a government is worthy of the name, it has to guarantee both internal order—which means the individual safety of its citizens—and its sovereignty in the international arena.

Things being as they are in this world, national sovereignty cannot be guaranteed by speeches or smiles, but only by military preparedness and the willingness to allocate more to maintain our military strength if necessary.

Now, it is true that a healthy economy is required to maintain an adequate military posture. If we compare, however, Japan—which has a healthy economy but virtually no military establishment—with the Soviet Union—whose economy is limping but has a mammoth military establishment—we see which country is a factor in the military arena—the Soviet Union. When it comes to standing up for its international interests, Japan simply is not in the running at the moment, whereas the Soviet Union has the capability of imposing its will at a considerable distance from its frontiers. Military confrontations are resolved, unhappily, by tanks, not by television sets.

In view of all this, Mr. Speaker, it is curious indeed to observe the persistent emphasis upon the downgrading of our military capacity, the inevitable consequence of much of what is being proposed.

Our military expenditures, after all, in a rational world should bear some relations to the expenditures of our chief antagonist of the moment, which is the Soviet Union. Even the architects of détente proclaim that it cannot work in the long run unless we maintain our military strength roughly at parity with that of the Soviet Union. Yet what has happened?

Over the last decade the Soviet Union's defense expenditures have increased by some 40 percent and its number of men under arms has risen, while the U.S. defense outlays have declined almost 20 percent in real terms since 1964 and the number of men under arms has dwindled. What is important here, of course, is not so much the defense establishments of each country in absolute terms as the direction in which they are moving. The Soviets are clearly building, while we are declining.

The dynamics of this process are clearly visible in geographical terms. Soviet power is now expanding into the Indian Ocean, it is well established in the eastern Mediterranean, and now, most recent reports have it, the Soviet navy may establish itself partly on the southwestern flank of Europe, in Portugal. Concurrently, the American military presence has dwindled. Our watchword seems to have become "withdrawal." But

nature abhors a vacuum, and Soviet power enters where we have left.

Mr. Speaker, the international balance of power continues to shift markedly against us and in favor of the Soviet Union. I submit that this is in very large measure the result of the order of priorities which the Congress of the United States has followed in recent years in placing domestic welfare programs above the national security. The recently published Heritage Foundation study of the fiscal 1976 budget, called "An Other Budget: Toward a Reordering of National Priorities," puts the situation very well when it says:

A relatively small investment in absolute terms in research will enable us to maintain the qualitative edge which gives us military equality with the Soviet Union despite our drastically reduced defense budgets. If we truly believe that the first function of government is to provide for the common defense, then we must be willing to make the necessary sacrifices.

Our high priority, then, must be the support of defenses for the Nation which will ensure its sovereign survival in a still risky and dangerous world.

The maintenance of internal and external order is the first responsibility of government. When that responsibility is met, we may concern ourselves with the other objectives of government.

Mr. LOTT. Mr. Speaker, many Members of this body complain of the difficulty of getting new legislation and innovative programs through the maze of procedural obstacles which we as a legislature have established. But when we stop to examine the question a bit more closely, we suddenly discover that it is often even more difficult to repeal or reduce an existing program than it is to put a new one through. An existing program has a definite clientele, after all: it has the Federal employees who are paid to administer it, and the members of the general public who have benefited or expect to benefit from it. All such people have an emphatic vested interest in the program's continuation, and frequently are skilled at painting horrendous pictures of the consequences of its termination or reduction.

All this means that, once a program has been funded and established, it acquires something resembling a life of its own. The general expectation in Congress is that, unless it has done some marked disservice to the public or was indisputably designed to be a temporary program, the program will continue to be funded at a rising rate—in the case of new programs just being started up—or at least at a rate very like that prevailing in preceding years.

Actually, if budgets were held to prevailing levels, at least some of the fiscal explosion we have recently observed in the Federal budget would not have occurred. It develops, though, when we inspect the budget more closely, that some long-established governmental institutions have suddenly become great consumers of funds. One of the more remarkable examples of this recently is the Smithsonian Institution. When President Ford requested almost \$103 million for

salaries and expenses for the Smithsonian in fiscal 1976, he was requesting a figure nearly double what it had taken to run the Smithsonian only 3 years before, in fiscal 1973. Then it took only about \$53 million. Now it may be that there were valid reasons from the Smithsonians point of view for such a steep increase, but if Congress regards the increase from an overall perspective, it may be excused if it is a little less than eager to increase the funding for the Smithsonian.

Mr. Speaker, I have no intention of picking a quarrel with the Smithsonian as such. The point I am trying to make is that even such a long established institution is apparently beginning to run almost under its own power, and Congress evidently lacks the will to keep it within bounds. Most other Federal programs have exactly the same attributes as the Smithsonian. Almost any Federal employee who works for an agency must be convinced that it does something worthwhile, that it produces benefits in return for the expenditures lavished upon it. Federal employees are located often in Washington, and in any case have good communications with Washington; the agency appears before Congressional hearings, and often is represented by people who are hired for the express purpose of maintaining good relations with the Congress. Its chief officers speak for it, of course maintaining that the problem it was designed to deal with is indeed being eliminated, but unquestionably it is still sufficiently severe as to warrant still greater investment in its elimination.

So Congress, naturally enough wishing to remain on the safe side and cover itself against accusations that it is doing too little to cope with a serious problem which a previous Congress has enshrined, provides more money for the agency. Thus bureaucracies continue to exist and to expand indefinitely.

Mr. Speaker, I contend that we need to adopt a quite new approach to the existing bureaucracy of the executive branch especially. The recent Heritage Foundation budget study which has been the object of comment here today formulates a general principle for an approach to the bureaucracy which more of us should follow: "One could make it a rule of thumb," the study says:

That any bureaucracy is overstuffed, and that it should always be the bureaucracy's task to show positive need for additional salary and expense appropriations. Instead, the assumption of those who compile administration budget requests seems to be that allocations for salaries and administrative expenses should usually rise sharply.

When one merely glances through the appendix to the President's budget, one can only wonder at the immense multiplicity of Federal programs already in existence. Has not the time come to take a really hard look at even the long-established programs with an eye to cutting them back? I suspect that if some Federal agencies really believed they were in danger of being eliminated, they would suddenly become much more responsive to the wishes of the public—and this in addition to the fact that we could reap

considerable budget savings as well, but lopping off unneeded Government positions. The weight of Federal, State, and local government is becoming more and more intolerable to the taxpayer.

Let us then in our respective committees examine the budget requests of even long established agencies with a sharp eye. When we do, we may discover that this budget is not so "uncontrollable" as it might seem on the surface of things.

Mr. ARCHER. Mr. Speaker, I would like to call the attention of the Members to an article in *Vital Speeches of the Day* by the Honorable William E. Simon, Secretary of the Treasury.

I believe Secretary Simon's remarks are especially significant following today's special order discussions.

The speech follows:

THE FOREIGN AND DOMESTIC ECONOMIC OUTLOOK: INTERNATIONAL PAYMENTS AND CO-OPERATION

(By William E. Simon, Secretary of the Treasury of the United States)

Mr. Chairman and Members of the Joint Economic Committee: It is a pleasure to appear again before your distinguished Committee. These sessions provide a valuable opportunity to review the economic and financial developments of the recent past and to discuss appropriate policies for the future.

We have no shortage of problems to deal with this year. The economy is in recession while intolerably high rates of inflation still persist. At the same time, we must take drastic steps to reduce our dependence upon foreign oil. These same three problems of recession, inflation, and high-priced oil also dominate the international scene and we must continue to work with our friends abroad in search of acceptance solutions.

Our discussions today take place within the context of three recent events: the formulation and submission by President Ford of a comprehensive program to cope with the interrelated problems of the economy and energy; the submission by the President of the budget for the coming fiscal year; and the release yesterday of President Ford's first economic report. The main elements of the Administration's program are familiar to you and I will not take your time this morning to review this program at any length. It does seem to me that your Committee is uniquely equipped to take a broad view of our economic situation and possible remedies, and it is to these that I wish to turn initially.

We have an economy with a short-run problem of recession and a continuing problem of inflation. There is no doubt about the recession; it may very well turn out to be the longest and deepest decline since World War II. There is also no doubt about the inflation. It dwarfs anything that we have experienced in our peacetime history. Both of these conditions must be brought under control.

Much of the current discussion concentrates almost exclusively upon the recession. This is understandable. Falling output and rising unemployment create economic hardship, which would be intolerable if continued for too long a period. Real output declined at a 9 percent annual rate in the fourth quarter and is again falling sharply during the current quarter. Unemployment rose above 7 percent by the close of last year and will probably exceed 8 percent this year before beginning a gradual decline. For 1975 as a whole the unemployment rate is likely to average close to 8 percent, far above last year's 5.6 percent.

The trend through the year, however, should be distinctly better than last year. In 1974, output was falling rapidly by the

end of the year. By the end of this year, output will be rising. In 1974, the rate of inflation was in double digits by the end of the year. By the end of this year, it will be well below 10 percent. The Economic Report provides our best estimates on output, prices, and employment. As in other recent years, our own estimates are close to the consensus of private economic forecasts.

The forecasts may not be altogether convincing. Last year's forecasts—our own and most others—called for output to rise and inflation to fall in the second half of the year. That was not the way it turned out. Now, with the good news once again scheduled for the second half of the year and the bad news here in the present, some skepticism is inevitable.

Our case for a recovery in the second half of this year rests primarily upon cyclical forces. Inflation caused the supply of mortgage credit to dry up and sent the housing industry into a tailspin. With inflation gradually receding now, and the economy soft, short-term interest rates have declined sharply. This has renewed the inflow of funds to the thrift institutions and provided the essential precondition for a housing upturn.

Inflation also cut deeply into the real income of consumers as prices transferred income from most consumers to growers of grain and sugar and to owners of oil both here and abroad. Inflation also cut indirectly into real disposable income through higher effective rates of taxation. As a consequence, real consumer purchases fell 3 percent in the past year. However, now that the pattern of wage settlements has accelerated and the rate of inflation is subsiding, the real income of workers should be on the upgrade again in 1975. This, in turn, should lead to an increase in consumer spending, providing another element of support for the general economic recovery.

A third cyclical element that should turn around during the year is inventory investment. Businessmen are liquidating excessive stocks now, not only in the automobile industry but also in a wide range of other industries. Since final demands in the economy will not fall away precipitously—for many reasons, including the automatic stabilizers built into our budget—the decline in inventory investment will end and will turn around and become a positive economic factor once again.

Thus housing, consumer spending and inventory investment will all be contributing to a recovery from the recession during 1975.

There have been 5 cyclical contractions in the postwar period, 27 in the past 120 years. We have survived them all. From every indication, the present contraction will fall within the accustomed postwar pattern. I think there is no prospect whatsoever of a long and deep economic downturn on the scale of the 1930s.

Nonetheless, we are not prepared simply to let nature take its course. The Federal Reserve has already eased money conditions substantially. Similarly, the President has recommended a \$16 billion temporary tax rebate this calendar year to provide economic stimulus at a time when the economy is weak. This tax rebate is in addition to the estimated \$17 to \$18 billion that will be spent on unemployment compensation and public service employment programs in FY 1976. We advocate the \$16 billion temporary tax cut not because the economy would not recover without it, but because it will make the recovery in the second half of the year more solid and certain.

Even so, there are no instant cures. Our current economic troubles grew out of multiple causes reaching back a decade or more. While special factors, of which food and fuel are the most prominent, were important, the most fundamental sources of our difficulties have been overstimulative monetary and fiscal policies. It is unrealistic to expect that

the economic weakness can be cured overnight. A careful and balanced policy approach is required, and it will take time to yield its full results.

The worst policy of all, in my opinion, would be to both crank up Federal spending and cut back taxes in a massive and permanent way. Those are the very policies that got us where we are now. That sort of advice ignores or minimizes the fact that inflation remains a problem of the first magnitude. It also ignores or minimizes the fact that the enormous budget deficits have to be financed in capital markets that are already strained by a decade of inflation. The financial implications of a massive swing to fiscal ease are so disturbing that I want to discuss them with you subsequently at some length.

Even with a cyclical recovery beginning in the middle months of the year the economic situation will remain difficult. Productivity has fallen. Gains in output later in the year should mean that productivity growth will resume. But prices, costs, and productivity will not again come into anything like the balanced noninflationary relationship that existed before the mid-1960s. Inflation has become deeply imbedded in the economic system and it will not be removed in a matter of a few quarters.

We must face up to the fact that under the best of circumstances we will finish this year with the rate of unemployment and the rate of inflation far above acceptable long-term levels. From there, at least two paths branch out into the economic future. One choice would be to attempt to push the economy back to full capacity operations at breakneck speed without regard to the inflationary consequences. That is the wrong path to travel, because it would not work. In a very short time, inflation would again be rampant. We would then retrace the same sequence of events we have just been through, tumbling into another recession and shaking public confidence even more severely than at present.

The other path requires patience on the part of the American people. There must be vigorous growth in the economy so that we can steadily reduce unemployment. But some margin of economic slack must remain for a period of years to insure that inflation can be squeezed out gradually. There must be no early return to conditions of excess demand. If this seems an overly cautious approach, it might be recalled that in early 1965, after four years of recovery from the 1960-61 recession, the unemployment rate was still only slightly below 5 percent but the economy was relatively free from inflation.

In the remote historical past, periods of rapid inflation were followed by financial panics and an ensuing deflation. Since the economic and financial trauma of the 1930s we have been unwilling to accept the result and, quite properly, we have built safeguards into the economic and financial system to prevent any deep cumulative downturn from occurring. But we have not yet learned any way of avoiding the inflationary consequences when the economy is pressed too far, too fast. Price controls are no solution at all. They would destroy our market economy if used permanently in peacetime. Therefore, we must hold the economy within the zone of acceptable price performance and apply such other policies as may be required to deal with any structural unemployment that remains.

As we look to the longer run, much greater emphasis also needs to be placed upon the central role of capital formation in economic growth. Our own ratio of private investment to gross national product is much lower than that of other major industrial nations. In turn, this is reflected in our much lower rate of growth in productivity.

In the future, we are going to have to do better. The capital requirements of the American economy over the next decade will

be enormous. We will need up to a trillion dollars for energy alone. Beyond that, we will need extremely large sums for control of pollution, urban transportation, and rebuilding some of our basic industries where new investment languished over the past decade. In addition, there are the more conventional, but still mammoth, requirements for capital to replace and add to the present stock of housing, factories and machinery.

Yet in the face of these massive requirements, we are not providing adequate incentives for new investment. Over the past decade the inflation has led to high effective rates of business taxation and low rates of profitability, which in turn, have greatly eroded the incentives for capital formation. It is not unfair to say that we are in a profits depression in this country. Non-financial corporations reported profits after taxes in 1974 of \$65.5 billion as compared to \$38.2 billion in 1965, an apparent 71 percent increase.

But when depreciation is calculated on a basis that provides a more realistic accounting for the current value of the capital used in production and when the effect of inflation on inventory values is eliminated, after-tax profits actually declined by 50 percent from \$37.0 billion in 1965 to \$20.6 billion in 1974. A major factor contributing to this decline is that income taxes were payable on these fictitious elements of profits. That resulted in a rise in the effective tax rate on true profits from about 43 percent in 1965 to 69 percent in 1974. Thus, a realistic calculation shows that the sharp rise in reported profits was an optical illusion caused by inflation.

Since, in our economy, corporate profits are the major source of funds for new investment, and thus in the creation of new jobs, all of this has grave implications for capital formation and growth. That is perhaps seen best in the figures for retained earnings of nonfinancial corporations, restated on the same basis to account realistically for inventories and depreciation. It is the retained earnings that corporations have available to finance additional new capacity (as distinguished from the replacement of existing capacity). In 1965, there were \$20 billion of retained earnings. By 1973, after eight years in which real GNP had increased 36 percent, the retained earnings of nonfinancial corporations had dropped 70 percent to \$6 billion. And for 1974, our preliminary estimate for retained earnings is a minus of nearly \$10 billion. That means that there was not nearly enough even to replace existing capacity, and nothing to finance investment in additional new capacity.

It is a simple but compelling economic fact of life that increases in productive performance are required over time to support a rising standard of living. Yet, as a Nation, we are rapidly expanding public payments to individuals but neglecting to provide adequate incentives for new investment. Since 1965, in real terms, economic output has increased by one-third while government transfer payments to person more than doubled. On the other hand, private investment expenditures—upon which the economic future of all of us inevitably depends—have failed to keep pace, rising by only a bit more than one-fourth.

It is imperative that we make better provision for the future. This means that we must place much greater emphasis upon saving and investment and much less upon consumption and government expenditure. Today, recession, inflation, and energy policy dominate the discussion of economic events and policy. We must take determined action to deal with these interrelated problems. At the same time, however, we must begin to shift the long-run balance of domestic priorities away from consumption and government

spending and toward investment and increased productivity. I believe history will judge us, not on how we handle our short-run problems such as recession, but on our ability to deal with the more fundamental problems of the allocation of resources and capital formation. If, as a Nation, we fail to address these problems, we will fail to attain the prosperity and the rising standard of living that the American people can achieve. Our goal should be to enlarge the economic pie, not just to redistribute it.

Federal budget deficits are estimated to total \$87 billion in fiscal years 1975 and 1976—\$35 billion this fiscal year and \$52 billion next year. I have made no secret of the fact that I feel that such deficits are large by any standard and that they pose a substantial problem. Let me make my conclusion on this issue quite clear. Although they present dangers and although they will inevitably impose strains on the financial markets, I believe those deficits will be manageable if—and I want to stress this—if they do not become significantly larger and if they are temporary in duration.

It is true that financial conditions normally ease substantially during a recession and normally they remain easy well into the period of recovery. There are two main reasons for this: First, some private demands for credit are closely related to the pace of business activity and decline sharply during a recession period. Short-term business borrowing to finance inventories is a prime example. Second, the Federal Reserve customarily "leans against the wind" during a period of recession and seeks to expand, or at least maintain, the rate of growth in money and credit. Therefore, interest rates can be expected to decline and the availability of credit to increase as a normal part of the cyclical process.

It must be considerations of this general nature which lead some observers to conclude, too readily in my opinion, that the financing of large Federal deficits in the current recession is a routine matter, largely devoid of any particular economic significance. I respectfully disagree.

The current recession is an outgrowth of a long period of inflation that has left private financing demands much heavier than usual. There has been the market decline in profits I mentioned earlier and a serious erosion of the liquidity base of households and businesses. The decline in the stock market has in many cases virtually ruled out the sale of new equity as a source of funds.

For these and other reasons, there has been an unusually large supply of private debt issues coming into the market. Our latest projections show that net new corporate bond issues, which rose from \$12½ billion in 1973 to \$25 billion in 1974, will advance even further to some \$30 billion or more in 1975. While corporate capital spending programs are being cut back, there will still be a very heavy volume of corporate long-term borrowing. Furthermore, the state and local fiscal position has changed drastically. Their surpluses have melted away, tax receipts are affected by the recession, and state and local borrowing needs will be substantial.

Some slackening in private demands for short-term credit is underway and more can be expected. Yet by any previous recession standards, total private demands for credit—both short- and long-term—are likely to remain fairly large.

Federal requirements will, of course, have to be met. But there are risks in such a situation. First, if private demand does not fall back spontaneously to make room for the larger Federal borrowing, credit demand will outrun supply, interest rates will be driven higher, and some private borrowers will be crowded out. Judging from past experience, the housing industry would be the most

likely to suffer. Indeed, its recovery might even be aborted. At the worst, financial factors might be such a binding constraint as to dampen the normal cyclical recovery that would otherwise occur.

The second risk is on the inflation side. Some observers suggest that, in order to avoid any strains on the credit markets, the Federal Reserve should undertake whatever rate of growth in money and credit is required to insure that Federal and all other borrowing requirements are met at stable or declining interest rates. This approach, however, could be a sure formula for still higher inflation rates when the recovery gets into full swing—if not sooner.

The key to successful financing of the large Federal deficits lies in diligent restraint of Federal expenditures. Large as they are, the \$85 billion in deficits projected for fiscal years 1975-76 can probably be accommodated although they will produce some strains in the financial markets. However, if Congress were to push Federal expenditures much beyond the budgeted levels, it would not be possible to retain much optimism as to the result. Either the recovery would be delayed or more inflation would be experienced in the future.

In previous recessions one could be more relaxed about the financing of temporary Federal deficits. This recession began, however, with the financial markets under considerable pressure. If the Congress will work with us in a joint effort to restrain expenditures, we can probably move through the period ahead without undue difficulty, but it would be a mistake to ignore the possible adverse effects of having to finance large Federal deficits. In my opinion, the projected deficits for fiscal 1975-76 are—in the context of our expectations about the course of the economy—about as large as our financial system can tolerate without doing more harm than good for the economy.

In addition to the temporary measures designed to cushion the impact of recession and promote recovery, President Ford is recommending a comprehensive program to achieve self-sufficiency in energy in ten years. The essence of the program is the reduction of energy consumption through the use of the market mechanism. Under the President's program, energy price increases and other measures will enable us to achieve an estimated 1 million barrels per day saving on imported oil by the end of the year and another 1 million barrels per day by the end of 1977. From a macroeconomic point of view, the program is designed to be neutral in its impact on total demand. An additional \$30 billion will be collected in the form of taxes and fees but it will then be returned to the economy, mostly in the form of permanent tax reductions and payments to nontaxpayers.

The introduction of such a program, many of whose effects cannot be predicted with absolute precision, is bound to be controversial. There probably would never be an ideal time for such action. The plain fact of the matter is, however, that many non-economic considerations dictate the necessity of prompt, credible action to move toward energy independence.

With our own economy in recession, it is important to insure that the energy program has as neutral an impact as possible on the overall economy. In particular, this requires that the timing of the economic impact be carefully considered. Taken in conjunction, the temporary \$16 billion tax cut to stimulate the economy and the various energy taxes are designed to exert their maximum stimulus in the second and third quarters of this year and then to taper off to a position of neutrality by the end of 1976. A table attached to my statement provides an estimate by quarters of the direct budget impact.

One undesired, but unavoidable, impact of the energy program will be a temporary in-

flation effect. Our best estimate is a one-shot increase in the general price level of roughly 2 percent. It should be stressed that the rate of inflation is increased by this amount once only, not on a permanent basis.

It is a valid question whether any program seeking to reduce energy consumption through a sizable shift in relative prices can confidently be described as neutral in its impact. Its neutrality is, of course, only with respect to the net effect on economic activity. Energy intensive industries and higher income taxpayers—to mention only two examples—will feel a disproportionate impact. Furthermore, there are uncertainties and gaps in our knowledge which preclude a definite and precise estimate of all the effects. To the best of our ability, however, we have put together an energy program which should be neutral in its total impact on economic activity. At the same time, it represents a comprehensive and balanced national energy policy that will effectively reduce our reliance on insecure sources of energy.

The picture I have given you of the U.S. economy also portrays only too well the economic situation in most other major industrial countries. As the industrialized nations have become more interdependent, their economies increasing march in step together. In 1972-73, the industrialized nations experienced virtually simultaneous boom conditions. Now most have moved into a generalized condition of minimal or negative growth and substantial unemployment in the face of continuing price pressures.

The recession which most major countries are experiencing is the worst since World War II. Collectively, our partners in the Organization for Economic Cooperation and Development (OECD) saw their growth rate fall to 1½ percent last year from 6½ percent in 1973. Toward the end of last year the Secretariat of the OECD was predicting 2½ percent growth for the area in 1975, again excluding the United States. From the reports I have heard from my colleagues abroad recently, however, I judge that this estimate will have to be revised downward.

Japan and Germany, like the U.S., are experiencing a more pervasive slowdown in economic activity than expected only a few months ago. To a lesser degree, the outlook for the French, British and Canadian economies has also weakened. There is considerable evidence of loss of confidence on the part of both consumers and investors, with consequent damage to investment and jobs. Reduced levels of consumer spending, along with high interest rates, have led to continued retrenchment in business plans for plant and equipment expenditure.

Unemployment has also become a problem abroad. Declines in average hours worked, increases in part time work and actual declines in employment, particularly in the manufacturing and construction sectors, are characteristic. Unemployment rates in Europe are in many cases approaching postwar highs, and in the case of France, unemployment has already reached a postwar record. As in the United States, unemployment levels may well increase further before leveling off and starting down again toward the end of the year.

Intolerable inflation rates abroad have recently shown signs of easing. But for much of last year, far from abating, in most countries they climbed to even higher levels under the pressure of the oil price increases and escalating wage and salary demands.

Double digit inflation rates were recorded in 22 of the 24 OECD countries in 1974. Excluding the United States, the OECD inflation rate was over 15 percent for that year, as compared with 8½ percent in 1973 and an average of 4½ percent in the previous ten years.

All of the OECD countries hope to bring down their inflation rates in 1975, but none

expects to achieve a level which it would consider satisfactory. Of the other OECD countries, price increases of less than 10 percent are forecast for only Germany and Switzerland. Japan, Italy and the United Kingdom still face the prospect of rates above 15 percent for 1975.

For the policy maker searching for the means to restore both price stability and growth, the difficulty has been compounded by record wage demands. In many countries, wage increases in 1974 averaged more than 20 percent—well above inflation rates—and in Japan they approached 30 percent. The extent to which these pressures can be moderated will be a key factor in determining the success of efforts to reduce inflation in 1975.

In my talks with other finance ministers, I find an acute awareness that economies caught in a two-way stretch and that it would be dangerous to focus on only one source of the tension. Individually and together, governments are reappraising their policies as time passes and the situation changes. In several countries, government policies have shifted, just as they have in the United States. Most Governments are moving cautiously, however, seeking to absorb slack gradually so as to avoid giving a new boost to inflationary pressures. Germany—which had the best record on inflation in 1974—has relaxed previous restrictive policies significantly, and Britain has also moved progressively to stimulate its economy.

Canada has moved modestly toward less restraint in both budget and monetary policy. France on the other hand, has sought to maintain restraints. Japan, laboring under a cost of living increase of 25 percent in 1974 and facing demands for another 30 percent increase in wages, has also kept restraints taut despite a 6.7 percent decline in output in the fourth quarter.

One implication of the depressed outlook for major economies this year is that foreign demand will not be of much assistance in achieving early recovery. The volume of international trade may well decline in 1975. Another, more heartening, implication is that there could be greater progress against inflation than earlier foreseen. There is a possibility that the worldwide slump may lead to more softness in the prices of basic commodities than has been incorporated into most forecasts. With higher unemployment rates, wage demands may turn out to be somewhat more modest than anticipated. Inflationary pressures could thus subside somewhat more rapidly than expected, if governments can resist pressures for excessively stimulative policies.

Never in peacetime has the pattern of international payments shifted as sharply and as suddenly as it did last year under the impact of the OPEC cartel's quadrupling of oil prices. The OECD countries, which had a combined current account surplus of \$2½ billion in 1973, faced a deficit of perhaps \$37½ billion in 1974. Countries which had been accustomed to exporting capital and transferring resources to the developing countries found themselves unable to pay for their own imports with their exports. They have been forced to become borrowers—on a scale out of all proportion to previous experience.

The announcement that the United States had a \$3 billion merchandise trade deficit in 1974 (census basis) occasioned headlines here in Washington. This was a deterioration of less than \$5 billion from the 1973 balance. With the trade surplus of the OPEC countries rising—in rough order of magnitude—\$60 billion in 1974, there had to be an equivalent deterioration in the trade balances of the oil importing countries as a group. Since the U.S. was importing not much less than a quarter of the oil and our oil import bill rose \$18 billion, our

trade position clearly strengthened relative to most of the oil-importing world. Germany was the only important industrial nation to experience an increase in its surplus on trade account.

Record deficits in the oil importing countries had their counterpart in record surpluses of the oil exporters. We estimate that in 1974 the thirteen OPEC countries received about \$90 billion from oil exports, or roughly four times the amount they earned in 1973. In addition, their other exports, or roughly about \$5 billion, bringing their total receipts to \$95 billion. During this same period, the OPEC nations spent approximately \$35 billion—or a little more than a third of their export receipts—on imports. This left a balance of approximately \$60 billion available for investment abroad.

OPEC needed to find investment outlets for this balance, and oil importing countries needed to borrow these funds. Our rough and tentative estimates suggest that in 1974, the OPEC countries invested their surpluses as follows:

Some \$21 billion, or about 35 percent of the surplus, apparently went into the Eurocurrency market, basically in the form of bank deposits.

Some \$11 billion, or 18½ percent, flowed directly into the United States. Available figures suggest that of this amount, roughly \$6 billion went into short and longer-term U.S. Government securities, while some \$4 billion were placed in bank deposits, negotiable certificates of deposit, bankers' negotiable certificates of deposit, bankers' acceptances, and other money market paper. As best we can tell, less than \$1 billion was invested in property and equities in this country.

Some 7½ billion, or about 12½ percent, is believed to have been invested in pound sterling denominated assets in the United Kingdom, some of it in U.K. government securities, some in bank deposits, some in other money market instruments and some in property and equities. This amount, I should note, is quite apart from the large Eurocurrency deposits there.

Some \$5½ billion, or about 9 percent, may have been accounted for by direct lending by OPEC countries to official and quasi-official institutions in developed countries other than the U.S. and the U.K.

About \$3½ billion, or 6 percent of the total, represented OPEC investments in the obligations of official international financing institutions such as the World Bank and the IMF.

Perhaps \$2½ billion, or 4 percent, has flowed from the OPEC countries to other developing countries. This includes funds channeled through various OPEC lending institutions such as the Kuwait Fund and the Arab Bank for Africa.

With regard to the remaining 15 percent, we have only limited information, but this residual would cover funds directed to investment management accounts as well as private sector loans and purchases of corporate securities in Europe and Japan. There are, of course, other transactions we simply know nothing about.

The rather wide distribution of OPEC capital flows among markets in the oil importing nations explains in part why the massive shifts in financial assets did not lead to the financial crises that some envisioned. OPEC funds did not move to one or only a few attractive capital markets, as once was feared.

The United States, with the largest capital markets, received directly only 18½ percent of the total, an amount substantially less than OPEC's increased receipts from oil sales to the U.S. The United States also continued to export large volumes of capital to other areas abroad, and our net capital imports last year, as measured by our current account deficit, were probably in the range of only \$3 billion.

It appears that something approaching half of the OPEC investments last year were placed through the commercial banking systems of the major industrialized countries. The banks redistributed these funds exercising their traditional intermediation role in meeting the needs of borrowers throughout the world. Admittedly, the sheer volume of OPEC funds placed some strains on the banking systems. Probably few banks expect to continue to increase international lending at the 1974 rate. Banks as a whole may not be able to accept as large a portion of the OPEC surplus in 1975.

Changes in the methods of channeling OPEC investments were already evident in the course of 1974. Banks were increasingly playing the role of broker and assisting their OPEC clients in arranging direct placements. OPEC countries were relying more heavily on government-to-government credits, investment in longer-term securities of governmental and quasi-governmental agencies and lending to international institutions. There was also evidence of a small amount of OPEC funds being invested in corporate securities and real estate. As time passes, we are likely to see a more varied pattern of investment as well as increasing disbursements under OPEC commitments of assistance to developing nations.

That last year's totally unexpected and unprecedented shift in international payments flows occurred without financial crisis and without disruption of trade says a great deal for the soundness of the international banking system and the international capital markets, the network of intergovernmental financial cooperation, and the system of floating exchange rates.

Nevertheless, I recognize, that at times concern has been expressed about the magnitude of exchange rate fluctuations under the present regime. We recently witnessed a temporary episode of large fluctuations in individual rates, when the Swiss franc appreciated by about 5 percent against the dollar within a span of a few days. These aberrations tend to reflect market reactions to specific, immediate developments—in this case probably to a bank failure and the decline in U.S. interest rates—but become subsumed as the market adapts to broader economic trends.

As has generally been the case, this most recent experience has had only a minor impact on a broader measure of the dollar's "exchange rate": the dollar's average value, relative to the currencies of all of the major industrial countries, declined by only about 1 percent before a reversal was set in motion. Taking a more relevant period of comparison, the dollar's average exchange rate is still at the level reached after the major exchange rate realignments of 1971 and 1973, despite nearly two years of generalized floating since the latter realignment. Throughout this period of generalized floating, our intervention policies have been directed to the avoidance of disorderly exchange market conditions and not to the achievement of maintenance of any particular rate.

The experience of the past year has served to reinforce our conviction that the financial aspects of the oil situation are manageable. Nonetheless, we have recognized the possibility that some countries might encounter particular difficulty in meeting their financial requirements and turn to restrictive actions which could disrupt the world economy.

To reduce that risk, the United States developed a comprehensive series of proposals involving expanded use of the resources of the International Monetary Fund, the establishment of a new "solidarity fund" to provide a "safety net" for members of the OECD, and a Trust Fund to provide the concessional assistance needed by the poorest of the developing countries. Other countries also had suggestions for new financing arrangements. These proposals have been the sub-

ject of intensive consultation and negotiation over the past months.

Finance Ministers around the world have developed a whole family of committees and informal groupings in which they can meet periodically to consider the world's economic and financial needs. The great value of this network—including the Group of Ten, the Interim Committee of the IMF and the IMF/IBRD Development Committee, as well as smaller, less formal groups—was demonstrated by the agreements reached at a series of meetings here in Washington in mid-January. In the course of these sessions, a consensus was reached on a number of measures which will provide additional financial security for the near future and strengthen the monetary system for the longer term.

Agreement was reached among the major OECD countries that a new Solidarity Fund, a financial support arrangement along the lines of the United States proposal for a \$25 billion "safety net," should be established at the earliest possible date. This arrangement is to be available to provide supplementary financing, if the need arises, to participating OECD countries which follow cooperative economic and energy policies. Detailed work on this new arrangement is to be completed promptly.

Agreement was reached among IMF countries that IMF resources would continue to play a role in 1975 to the extent needed. As one expression of this intent, it was agreed that the IMF oil facility should be continued on a limited basis during 1975. Borrowing from oil producers and others for this facility will be limited to about \$6 billion (or 5 billion SDR's), less than some countries originally favored.

This agreement was preceded by considerable discussion of different methods of using IMF resources. One approach is to use the Fund's resources in effect as collateral for loans as is done for the special oil facility. A second approach is to mobilize the Fund's resources directly for lending. In the end, it was agreed to do both. There will be some

new borrowing and also increased direct use of IMF resources to meet the needs of nations in difficulty. Contributions from oil producers and industrial countries to subsidize interest costs of the IMF Oil Facility for the very poorest countries may also become a feature of the facility in 1975.

Agreement in principle was also reached to increase IMF quotas of member countries by approximately one-third subject to agreement on a related package of amendments to the IMF Articles of Agreement. The major oil exporters, collective share of the total IMF quotas will be doubled in order to call for greater participation and a greater voice for these countries in the activities of the International Monetary Fund. Quota increases will be dependent upon the agreement of countries when such use is economically justified.

Agreement was also reached on the general lines of a number of other amendments to the IMF Articles, with the particulars to be worked out over the months ahead. These amendments are designed to improve the structure of the IMF and bring it more in line with current realities. One amendment supported by the United States will provide that member countries are no longer required to maintain their exchange rates within narrowly fixed margins, but can float their currencies—a practice which is not legally permissible under the IMF Articles as now written.

Considerable progress was also made toward narrowing differences with respect to the broader question of gold and its role in the international monetary system. It was agreed in principle that the official price of gold—and its central function as "numeraire" of the monetary system—should be abolished and that obligations on the part of members to pay the IMF in gold, and on the part of the IMF to receive gold, should be ended. Progress was also made toward replacing the existing prohibition against members of the IMF buying gold in the pri-

vate market with safeguards assuring that this freedom would not be used to return gold to the center of the monetary system. Our aim is to arrive at workable arrangements which will take gold out of the center of the international monetary system, while also allowing countries greater freedom to utilize their gold holdings. It is my hope that the entire package of quota provisions and amendments, including those relating to gold, will be ready for approval at the Interim Committee meetings scheduled for this June.

Less progress was made at these meetings than had been hoped in organizing assistance for developing countries, some of which face very serious difficulties. As I mentioned earlier, there was some support for measures to subsidize interest rates for loans to these countries from the IMF oil facility. The United States proposal for a new facility—a Trust Fund managed by the IMF which would channel funds to the poorest of the developing nations on concessional terms—remains under study. It continues to be our hope that adequate arrangements can be devised, and that the OPEC nations will provide an appropriate part of the contribution to this effort.

Oil consuming countries have also made considerable progress in concerting their energy policies. Last fall agreement was reached among a number of consuming countries on the International Energy Program which was an outgrowth of Washington Energy Conference in February of 1974. We have developed an unprecedented program to limit individual and collective vulnerability during emergencies created by supply interruptions. Under this arrangement, participating countries have agreed to:

Build a common level of emergency self-sufficiency, which would allow them to live without imports for a certain period.

Develop demand restraint programs to cut oil consumption by a common rate without delay if necessary.

TABLE I—DIRECT BUDGET IMPACT OF THE PRESIDENT'S ECONOMIC AND ENERGY PROPOSALS

[In billions of dollars]

	Calendar years—							
	1975				1976			
	I	II	III	IV	I	II	III	IV
Energy taxes	+0.2	+4.1	+12.6	+7.6	+7.5	+7.5	+7.5	+7.5
Return of energy tax revenues to economy:								
Tax reduction	0	-3.2	-9.0	-9.0	-5.6	-7.9	-6.3	-6.4
Nontaxpayers			-2.0				-2.0	
State and local governments	0	-5	-5	-5	-5	-5	-5	-5
Federal Government	0	0	-8	-7	-8	-7	-8	-7
Temporary tax cut	0	-6.1	-7.9	-6	-8	-9	0	0
Net effect	+.2	-5.7	-7.6	-3.2	-1	-2.5	-2.1	-1

Allocate available oil to spread shortfalls among participants should there be supply interruption.

Concrete plans are also now being laid to coordinate programs of energy conservation and longer term development of new sources of supply. The new solidarity fund, by providing financial assurance and promoting confidence, will support accelerated efforts in the energy field. And consumer solidarity in both energy and finance will prepare the way for a fruitful dialogue with the oil producing countries.

U.S. participation in the solidarity fund will involve commitments requiring the endorsement of the Congress. I hope the Congress will recognize the importance of this arrangement in furthering our economic goals and, following presentation of the detailed agreement, endorse U.S. participation without delay.

With the passage of the Trade Act of 1974, the new round of multilateral Trade Negotiations can move into substantive bargaining. The February meeting of the Trade Negotiations Committee will open this stage of negotiations that are the most comprehensive ever attempted. They will deal not only with the traditional trade problems of tariffs and nontariff barriers, but also with overall reform of the international trading framework.

Getting the trade negotiations underway is more important now than ever because of current world economic conditions. These negotiations should help forestall unilateral measures which attempt to shift economic burdens to other countries, and which, if widespread, could have a depressing effect on the world economy.

Mr. Chairman, the past year has seen the development of the high degree of consensus necessary for effective actions to deal with the multiple problems of recession, inflation, and a disruption in the world energy balance. While there still remains room for honest differences as to the course to be followed, I believe that the scope for disagreement has become increasingly smaller.

Certainly we cannot afford, either in this

country or abroad, excessively stimulative policies which could only lead to further escalation of an already intolerable inflationary spiral.

Nor can any country afford not to take prompt steps to ensure that the current recession does not deepen and is instead succeeded by a resumption of the sustainable growth of production and productivity necessary to maintain the health of economics around the world.

And we cannot afford to delay programs of strong action to create a new energy balance.

The President has placed before the Congress an effective program to address all of these problems. He has expressed his desire and evidenced his willingness to work with the Congress in carrying out that program. We recognize that Members of the Congress have views of their own—views that are held with the same degree of conviction as we hold ours within the Administration. Our hope is that we can find reasonable means of reconciling those differences, so that together

we can provide America with the leadership it needs at this critical hour.

Mr. DICKINSON. Mr. Speaker, I am pleased to have this opportunity to participate in today's special order regarding this Nation's economic and budgetary crisis. I commend our colleague from Colorado for his effort on behalf of the American taxpayer.

Fiscal responsibility is a trait that is virtually nonexistent in today's Washington.

Our Federal economic policies threaten to destroy the fiscal stability of America.

Mr. Speaker, I would like to call to the attention of the Members an article in the U.S. Industrial Council's March 15 bulletin. The remarks of President Paul Belknap are particularly significant in light of today's special order.

President Belknap's remarks follow:

#### ECONOMIC MADNESS

The Joint Economic Committee of Congress has just revealed what many people who have already filed their income tax returns have suspected: namely, that the biggest increased cost of a middle income family's budget for 1974 was not food, not housing, not transportation—but taxes. According to the Committee's report, taxes actually increased at twice the rate of food costs.

Considering the fact that the bulk of federal taxes are no longer spent on defense but on domestic programs, it is high time that the American people demanded a critical examination of domestic spending to determine how and in what areas it may best be cut back. Particular attention should be devoted to the wasteful and extravagant welfare programs which are consuming a steadily larger share of our national revenues. Of these, the federal food stamp program is perhaps the classic example.

Recently, Congress overwhelmingly rejected a proposal by President Ford to limit the use of food stamps by raising their price. While such opposition might be understandable if the food stamp program were confined to aiding the elderly, the disabled, and the other hard-core needy, that is not how the program actually works.

Under present eligibility standards, strikers, college students, and even families with incomes of \$10,000 a year and above are all free to obtain food stamps—even though they may not be on welfare. Indeed, standards are so incredibly lax that fraud and corruption are commonplace.

The result of this situation is that at last count 17 million people—8% of the U.S. population—are purchasing groceries with food stamps, and that figure is expected to go even higher in the years to come. Bizarrely enough, some hard-pressed middle income families are turning to food stamps to help make ends meet instead of demanding that the program be reduced so as to allow a corresponding reduction of taxes. Apparently, too many people are failing to realize that it is their money which the government is being so generous with.

The American public must come to understand that the government cannot continue to subsidize an ever-growing portion of our population without grave economic and political consequences. Already we in this country are on the verge of realizing Frederic Bastiat's satiric definition of the state as "a splendid fiction through which everyone seeks to live at the public expense."

Bastiat, a French politician of the last century, is remembered for the heroic effort he made to warn his countrymen against the dangers of much the same economic policies that our own government is presently pursuing. His warnings were disregarded, and France in the middle of the 19th Century

swiftly went the familiar route of welfare-stateism to inflation, inflation to chaos, and chaos to dictatorship. Is there anyone in these troubled times who can say with confidence that we can avoid the same consequences if we continue to pursue the same course?

Mr. DEL CLAWSON. Mr. Speaker, in this discussion of the Federal budget situation, in which I am pleased to participate. It is possible to make the argument that something like a "quantum jump" has occurred in the coming fiscal year in our notions of what is acceptable as a budget deficit. Indeed, an impartial observer of the deliberations of this body might almost be forgiven for concluding that within very broad limits budget deficits really do not matter very much. There are times when the proponents of new Federal programs simply refuse to consider the question of how much a program may cost—they seem to think it almost indecent to raise such a question in the "richest country in the world."

Rich we may be, but our resources are far from inexhaustible and every political decision which we make on the allocation of resources means that funds must be withheld from some use, whether public or private and allocated to another use.

There are times when some of us, in the House, at least, realize that Government is not able to intervene with solutions to every problem which crops up across the country, whether economic, social, educational or cultural. We may pass laws on various subjects but enforcement, especially of those which stretch our mandate unrealistically, may prove impossible. Moreover, there are now so many laws on the books that all of them could not possibly be enforced with any vigor.

Yet I submit. Mr. Speaker that there is one area for which Government—and more especially the House of Representatives with its constitutional responsibilities for originating revenue bills, bears direct liability. That is for the integrity of our currency. It may seem almost cynical to talk about such a thing after what has happened to the dollar over the past few years. How can people have "faith and confidence" in a Government, which, while retaining complete monopoly over issuance of its coinage and currency, lacks the self-discipline to maintain the integrity of that money. During 1974 inflation ran at a rate of better than 12 percent for the year. Translating that into personal terms, it is obvious that a working man who had agreed to work for a salary of, say \$16,000 for the year 1974, would have had about \$2,000 taken from his pocket outright in addition to the bite from all the Federal, State, and local taxes he must pay. Since, with the graduated income tax, lower income people may pay very little in income tax, the real taxes which hit them hardest are the social security tax and what we really ought to call the "inflation tax."

I use the words "inflation tax" because the losses of the wage earner to inflation represent the taxes which Congress neither levies directly, nor accounts for to the people. Economics has its iron-clad rules, after all, and if we refuse to

pay in one way we shall pay in another, because the books ultimately are going to balance, the trade off is as inevitable as death and taxes if I may be permitted a clumsy attempt at a pun. Inflation as a tax is politically less dangerous, however, because elected officials still can blind and deceive the ordinary citizen by blaming inflation on all sorts of things other than the Government, such things as greedy businessmen, powerful corporations, corrupt members of the administration, and so forth. But the fact is that, at the bottom, inflation is caused by Government. A Government which, intentionally or unintentionally, pursues an inflationary policy is literally defrauding and cheating its citizens.

Mr. Speaker, I believe a little reflection will convince most of us that the "inflation tax", reducing the real incomes of lower- and middle-income wage earners below tolerable levels, is the reason we are now resorting to such fiscal contortions and distortions as income tax rebates for lower-income people. If the Congress had been fiscally responsible in the past, it would not be necessary, in all likelihood, for us to be agonizing over these things now. Let us get the casting straight in this continuing economic scenario. Those of us who agonize over the cost of new and continuing programs are not just hardhearted, pennypinching old fogies—rather we feel very deeply the responsibility of Government to all its citizens in what should be in effect a compact between Government and the public to maintain the integrity of our money and establish a basic, economically sound fiscal policy. Inflation, to put it bluntly, is the coward's way out, for it falls most heavily on the low-paid worker and the retired person, precisely those who are least able to protect themselves against this cruel flat-rate tax.

We in Congress must ask ourselves whether we are not responsible for having made their financial straits more precarious because of our fiscal irresponsibility.

Mr. BROYHILL. Mr. Speaker, I am pleased to participate in today's special order dealing with the critical budgetary realities facing our Nation and this Congress.

Every appropriation in the fiscal 1976 budget deserves close scrutiny. We are asked to support increases for virtually every department, agency, commission and board. I urge the Members to examine the proposed budget with an eye to the future. Even today we are beset with a financial plague, but what of the future? If these appropriations sail through this Congress without some huge reductions, I can foresee prolonged economic agony for this Nation's taxpayers.

Mr. Speaker, the fiscal 1976 budget forebodes possible economic disaster. I could single out any number of appropriations that should and must be trimmed, but three appropriations in particular caught my eye. Those three appropriations are the recommended \$175,128,000 for the United Nations and affiliated agencies, \$8,962,000 for the Office of Telecommunications Policy in the Executive Office of the President, and 70 percent increase asked for the Bureau of Land Management.

Mr. Speaker, the Department of State has asked for an increase of nearly 20 percent in the appropriations to the United Nations. This is unacceptable to this Member. Former United Nations Ambassador Daniel P. Moynihan has recently stated that the United States should not remain passive while the U.N. becomes a tool of the so-called Third World countries. Mr. Moynihan recommends, among other things, to reduce our financial commitment to the U.N. We have been paying more than the lion's share of the United Nations costs. In return for financing the international forum, we are denounced and rebuffed at almost every session. The U.N. has become too expensive for us. In light of today's economic and political realities, we can no longer afford to bankroll this operation. Our past financial contributions have not even gained the respect of other member nations, but rather we are held in contempt for our generosity. I urge a cutback in appropriations to the United Nations.

Another appropriation that deserves the close scrutiny of the Members is the President's request for nearly \$9 million for the Office of Telecommunications Policy.

Mr. Speaker, this appropriation marks a quantum increase over the 1974 budget, an increase of nearly 400 percent. This Office in particular does not merit an increase of this amount.

We are told that the Bureau of Land Management needs an increase in appropriations of nearly 70 percent over the 1974 budget. An increase of this magnitude seems exorbitant. Included in this increase is approximately a 25-percent increase for civilian benefits, 33- to 60-percent—by various divisions—increase in transportation appropriations. For example, in construction and maintenance, an increase of nearly 50 percent is requested for "transportation of things." Well, whatever "things" the BLM is moving about, there is no reason for an increase of this size over the 1974 budget.

Has the BLM workload or responsibility increased by a comparable amount since 1974? Have inflationary conditions mandated an increase of this nature? The answer is a flat no.

The BLM is responsible for the conservation, management and development of 450 million acres of natural resource lands.

Is there something inherent in our budgetary process that forces the taxpayer to finance virtually the same programs in 1976 for 70 percent more than they cost in 1974?

Granted the BLM has vast responsibilities in the area of natural resource protection and development, but many of these programs and projects are one-time affairs. How many more roads can we build into our resource lands? How many more surveys can we make? One would think that as the years progress, fewer development projects would be necessary. We cannot continue to spend and build, spend and develop, spend and survey if we are to maintain any sense of conservation regarding our natural resources and lands. Unless BLM serv-

ices and projects are trimmed to the bare necessities, in a few short years we will have developed and overdeveloped our natural resources, and our Federal lands will have become a maze of roads, trails, and picnic tables.

Mr. Speaker, we cannot continue to spend and spend. Our economy is near the breaking point because we have followed such unwise policies over the past generation.

Shortly after the President submitted his 1976 budget to the Congress, there were many, including myself, who expressed grave concern about the proposed budget deficit of slightly more than \$50 billion. Clearly, however, in a period of recession, a budget deficit was to be expected as a means of stimulating a weakened economy.

The President's proposed budget was based on several assumptions. First of these was that Congress would not enact any new spending programs; second, that the Congress would go along with approximately \$17 billion in budget rescissions and deferrals; third, that the Congress would stay close to the President's recommended \$16 billion figure on tax cut legislation.

Recent hearings of the House Budget Committee, on which I serve, indicate that these assumptions simply are no longer valid. The Congressional calendars are filled with other new spending proposals, including additional public service jobs programs over and above the programs approved last fall, accelerated and additional increases in social security benefits, a costly new farm support bill, and health insurance for the unemployed.

It is also now likely that the Congress will refuse to approve the President's requested \$17 billion in deferrals and rescissions. The tax bill as passed in the House was \$5 billion above the President's request and the Senate version has added another \$11 billion. Furthermore, it is quite likely that we will fall considerably short of the estimated \$297 billion in Federal revenues, because of the economic conditions.

Based on information now available to the House Budget Committee, a 1976 budget deficit of \$80 billion is probable and spending bills could push the figure even higher. This will be in addition to the \$45 billion deficit for fiscal year 1975. If these figures prove to be accurate, and I think they will be, then the Government will be faced with financing \$125 billion worth of deficits in the next 18 months.

The Government can finance its deficits in one of two ways. One way is to go into the private market and compete for available credit with private business and prospective homeowners. The fierce competition by Government for a limited pool of credit will probably "crowd out" private borrowers, forcing interest rates up for industries as well as individual home buyers. Higher interest rates will add to consumer prices and further depress the nation's housing industry. At least one concerned economist, writing in the respected *Wall Street Journal*, has mentioned interest rates potentially approaching the 20-percent figure.

The only other way to finance the deficit is for the Federal Reserve to authorize the printing of more money. This simply cheapens the buying power of money already in circulation, resulting in a powerful new surge of inflation.

Clearly, it is possible to go overboard in fighting our current recession, thereby rekindling the fires of inflation. If inflation should get hopelessly out of control again, everyone's purchasing power would decline, forcing us into a new and potentially deeper recession.

Any number of well-meaning new spending bills will be coming before Congress for a vote in the weeks and months ahead. Many of us, while we might support the objectives of some of these bills, and they are good bills with good purposes, will nonetheless have to vote "no." To do otherwise would be irresponsible.

With a predicted 1976 budget deficit of \$80 billion or more, it is clear that Congress simply cannot afford to spend its way out of our current recession and the Congress will be foolhardy if it tries to do so.

Mr. ANDERSON of Illinois. Mr. Speaker, yesterday's *New York Times* carried an article headlined "100-Billion Budget Deficit Projected by Ford's Aides." The article indicates that both the Office of Management and Budget and our own House Budget Committee concur that the projected potential deficit for fiscal 1976 is now \$100 billion and growing, given the tax and spending bills now on the front burners. House Budget Committee Chairman BROCK ADAMS is cited as promising that his committee will issue a report early next month recommending reductions in various pending bills to limit the deficit to \$75 billion.

Mr. Speaker, I think we can be thankful that both House and Senate budget committees are now diligently at work, even though the Budget Act does not require full implementation of the new budget procedures until fiscal year 1977. Fortunately, the act carried an earlier optional effective date of fiscal 1976 if both budget committees issue a report triggering implementation of some or all provisions. Both committees issued such reports earlier this month (see House Report No. 94-25, March 3, 1975). While not all the provisions of the Budget Act will be implemented in fiscal 1976, we will be required to complete action on the first budget resolution by May 15, the second by September 15, and the reconciliation process by September 25. And, as our debate in recent days has made clear, committees are prohibited from providing for new backdoor spending. Exempted from this year's budget process are the prohibition against consideration of spending, revenue and debt legislation prior to adoption of the first resolution; the inclusion in the first resolution of budget authority and outlay totals by functional categories; and the May 15 deadline for authorizations and the Labor Day deadline for completing action on all appropriations.

Nevertheless, Mr. Speaker, I think the budget committees have provided for a realistic and reasonable initial budget

control test run, and moreover, one which is workable if we have the will and determination to make it work. The fact that the House has now put its foot down with respect to the section 401 backdoor spending ban instead of permitting committees to keep their feet in the backdoor, is an encouraging first sign, and I wish to commend Chairman Adams and his committee for serving proper warning on the authorizing and Rules Committees in this regard. Either we demonstrate that we are serious about this new procedure from the outset or it will collapse before it is even fully implemented in the next fiscal year.

Mr. Speaker, in the Budget Act of 1974 we have imposed upon ourselves a new form of self-discipline, and it is not always going to be easy to accept, and learn and practice these new procedures and to lay aside some of our past bad habits which have caused fiscal chaos. It is obvious that when we put our foot down in this manner, some toes will be stepped on from time to time. But I think we can learn to tolerate these short-term personal and jurisdictional pains if we recognize that this is in the best interests of our institutional and national economic health. This is especially true given existing economic conditions and congressional temptations to overreact in response. The real prospect of a \$100-billion deficit with all its inflationary implications should impress upon us the urgent need for budget control now using the new procedures and discipline contained in the Budget Act. The provisions of that act and the efforts of our budget committees will all be for naught if we fail to give the necessary backup support and take the necessary follow-through actions. The ultimate success or failure of this new process does not rest on the shoulders of our budget committees, but on the entire Congress, and our resolve to make it all work. And never before in our economic history have conditions so warranted our assuming this responsibility.

Mr. Speaker, at this point in the RECORD I include the article from yesterday's New York Times. The article follows:

100-BILLION BUDGET DEFICIT PROJECTED BY  
FORD'S AIDES  
(By Philip Shabecoff)

WASHINGTON, March 24.—Ford Administration officials said today that the potential budget deficit for the fiscal year 1976 had reached the \$100-billion level and was still growing under the tax reduction and spending proposals pending before Congress.

President Ford projected a \$51.9-billion deficit in his Budget Message two months ago. In Congressional testimony last week, Secretary of the Treasury William E. Simon raised the Administration's estimate to \$80-billion.

The chairmen of the two Congressional budget committees, Senator Edmund S. Muskie, Democrat of Maine, and Representative Brock Adams, Democrat of Washington, both said in telephone interviews that they agreed that uncoordinated spending by Congress could raise the budget deficit beyond acceptable levels. Mr. Adams said that his committee also had put the current potential deficit at around \$100-billion.

But Senator Muskie said it was premature at this stage to predict exactly what tax cut and spending legislation Congress would pass. And Mr. Adams said that his House Budget

Committee would issue a report, probably on April 7, proposing cutbacks in various pending bills that would limit the 1976 deficit to \$75-billion.

The Administration's projections are based on an internal document prepared by the Office of Management and Budget, a copy of which was given to The New York Times today. The document lists all legislative proposals, which were before Congress on March 19, that would reduce the Federal budget deficit and all that would increase the deficit.

When the listed increases and reductions are tallied, they produce a net budget deficit for 1976 of \$98.5-billion. But officials of the budget office point out that new spending proposals have been made since the list was prepared, including a \$5-billion public works spending program put forward by the Democratic Speaker of the House, Carl Albert of Oklahoma.

POSSIBILITY, NOT CERTAINTY

Because the list describes only legislation that is pending or proposed, it describes what might happen not what will happen. But many of the items on the list are fairly sure to be enacted. For example, Administration sources privately conceded that Congress almost certainly will pass an antirecession tax cut higher than the \$16-billion proposed by President Ford.

On the spending side, there is considerable momentum in Congress for a bigger public service employment program as well as a public works program to alleviate unemployment. A \$2-billion child nutrition bill is on the verge of passage and other spending bills are virtually certain of approval. Congress has also demonstrated that it will not accede to many of President Ford's requests to cancel or defer programs already authorized.

The calculation by the budget office does not take into account the possibility of Presidential vetoes of spending bills or of Congressional votes to override vetoes.

The deputy director of the budget office Paul H. O'Neill, said in an interview that the list had been compiled "as an attempt to do something we don't see happening on the Hill—to put into perspective all the things that all the committees are doing."

The kind of deficit that would result from the proposals being considered by Congress "is clearly more than we can stand," Mr. O'Neill asserted. He reiterated the Administration argument that the nation's financial markets could not absorb a deficit of that magnitude and that such spending built into the budget would have very dangerous long-term implications.

Mr. O'Neill said that the Administration feared that many of the "emergency" programs proposed to cope with the recession would turn out to be permanent programs.

AN EFFORT AT PERSUASION

The compilation of the Congressional fiscal proposals by the Ford Administration was apparently intended to persuade others of the dangers of excessive stimulative action. That it also had political implications was indicated by the comments of officials of the budget who contended that a huge deficit would anger voters.

But Democrats who are members of the Congressional budget committees appear to share at least some of the Administration's apprehension.

Senator Muskie said when asked about the budget office's list that "we haven't added up any numbers like that" and inveighed against "alarmist statements that are not based on solid foundations."

He said that "nobody seriously argues" that Congress is going to approve anything like a \$100-billion budget deficit.

But Senator Muskie also said that economic and political pressures had forced Congress to make decisions on taxes and

spending much earlier than usual and that after "adding up our spending proposals we may find we have already used up our options."

Mr. Adams, the chairman of the House Budget Committee, indicated that his calculations were similar to those of the Office of Management and Budget. Given the proposals now before Congress expenditures in 1976 would be around \$390-billion and receipts would be around \$291-billion. That assumes, he said, a tax cut of about half-way between the House and Senate versions, or around \$25-billion.

GENERAL LEAVE

Mr. GOLDWATER. Mr. Speaker, I ask unanimous consent that all Members may be permitted to revise and extend their remarks on the subject of the special order today by Mr. ARMSTRONG.

The SPEAKER pro tempore (Mr. McFALL). Is there objection to the request of the gentleman from California?

There was no objection.

THE WALL STREET SNOW & FUDGE CO. OR HOW BIG FAILING CORPORATIONS CAN STAY THAT WAY: BEING A BRIEF BUT SHATTERING EXPLANATION OF A CONFECTED ECONOMIC PROPOSAL THAT MIGHT HAVE BEEN COOKED UP BY THE LATE GREAT LEWIS CARROLL, THE MAD HATTER OR PERSONS LIKE THAT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. PATMAN) is recognized for 45 minutes.

Mr. PATMAN. Mr. Speaker, a number of hitherto self-proclaimed champions of the free enterprise system have recently taken to publicly pontificating that the system would run a lot better if large, financially failing corporations could be bailed out by a Federal bank, similar, in their peculiar characterization, to the former Reconstruction Finance Corporation.

This Alice in Wonderland approach to economics was formally launched on December 1, 1974, when the Sunday New York Times published a lengthy article by Felix G. Rohatyn, a partner in the well-known New York investment banking house of Lazard Frères & Co. Dubbed by his more acerbic but friendly colleagues as the fixer of corporate problems, Rohatyn is familiar to Wall Street watchers for his efforts to help protect the expanding conglomerate efforts of ITT and to effect a merger between Textron and the chronically ailing Lockheed Aircraft Corp., which is still tottering around on the crutches of a \$250 million Federal loan guarantee.

In the Times article, he wrote:

At a time when loss of confidence is an almost palpable thing, accelerating the downturn of a shaky economy, a major bankruptcy either in the industrial or financial sector is to be avoided at any reasonable cost.

The RFC should be the safety net, but the cure should be permanent. From its inception [or re-establishment], it should be an instrument empowered to make significant equity investments, in the form of either common or preferred stock, for the long-term resolution of financial problems.

## SNUDGCO IS BORN

The next day, December 2, 1974, Gustave Levy, managing partner in another major Wall Street investment banking house, Goldman-Sachs, dashed off a note to Rohatyn saying:

I just wanted to congratulate you on the fine article which appeared in Sunday's New York Times, and tell you I agree emphatically.

On December 24, 1974, William McChesney Martin, former head of the New York Stock Exchange, former Chairman of the Federal Reserve Board, and most recently former consultant to the Big Board, wrote a letter to the New York Times asserting:

Although Mr. Rohatyn's proposal will attract a great deal of criticism along the lines of socialism, it seems to me that it is essential we move in this direction. It is very much in line with what I testified at a Congressional hearing on Lockheed in 1971.

Incidentally, Mr. Speaker, Mr. Martin omitted saying that Lockheed, despite his testimony or possibly because of it, is still in serious financial trouble and cannot obtain the substantial amounts of new capital it must have from any source other than a reestablished Federal RFC or something like it.

Mr. Martin's sentiments concerning the Rohatyn proposal were echoed in letters that appeared in the Times, also on December 24, 1974, from representatives of the investment banking firms of Bache & Co. of New York, and Burgess and Leith of Boston, along with a letter from Gustave Levy of Goldman-Sachs & Co.

A few weeks later, on January 20, 1975, no less a personage than Alfred Hayes, the president of the Federal Reserve Bank of New York, joined the roster of those publicly, if sometimes tentatively, supporting Rohatyn's proposal. He said in a speech before the 47th annual mid-winter meeting of the New York State Bankers Association that the idea deserves careful study. Thus was formed the Wall Street Snow & Fudge Co.—Snudgco.

In an interview appearing in the *Forbes* magazine on February 15, 1975, Snudgco's chairman reiterated his support for his kind of RFC.

And, finally, on March 6, 1975, the *Wall Street Journal* reported that:

Arthur Burns, Fed chairman, is known to believe that the Fed has some responsibility to provide emergency loans to large corporations or financial institutions whose failure might trigger a series of bankruptcies or create panic in financial markets. He is reluctant to advocate establishment of a separate agency, such as the depression years' Reconstruction Finance Corporation to aid failing businesses, but he would support that idea if a major corporate-rescue plan seemed necessary.

Obviously, the next step in this effort to institutionalize major corporate bailouts will be the mounting of a well-orchestrated campaign to create a permanent Government program. This will be done through a sophisticated Washington lobbying effort, which will, no doubt, include speeches inserted in the **CONGRESSIONAL RECORD**; well-financed conferences; substantial "scholarly" research supporting such a proposal; care-

ful cultivating of the financial press; the introduction of legislation and holding of hearings by congressional committees with outstanding business, banking, and other leaders as witnesses, including, I would not be surprised, some elements of the union movement, strongly supporting the proposal.

Again, the steamroller to have the American taxpayer pay heavily for the errors and mistakes of others will be successfully rolling along, easily crushing the feeble roadblocks put up against it by what will be characterized as some out-of-date fringe "nuts."

## A PERMANENT TAXPAYER BAILOUT OF INEFFICIENT BIG BUSINESS

In most instances, the large corporations with which Snudgco's incorporators are normally concerned have more than adequate stores of investment capital at their disposal. This is true regardless of economic circumstances, and it is especially true during recessionary periods. Because of their high tax bracket, large corporations can write off a substantial portion of the interest charged for loans and thus the effective interest rate they must pay is far less than the figure actually stated. Moreover, large corporations, due to carefully nurtured relationships, have first claim on the credit available at large commercial banks which control most of the deposits and banking assets in the Nation. As a matter of fact, all other types of credit extensions by large commercial banks are made on a residual basis. Whatever is left over after the credit demands of big corporations are satisfied is made available for other lending purposes.

So what is really being proposed here?

What is happening is that this combination of Wall Street interests are busy proposing the establishment of a Federal banking vehicle to permanently rescue large corporations that are not making it because of mismanagement or poor judgment or both. It has little to do with short-term liquidity problems. These companies in trouble are the only large corporations that need something like the RFC to lean on. They need it because they are either in such poor financial shape or because they are traveling so swiftly in that direction that their conventional lines of credit have dried up.

An axiom that is essential to the very existence of an effective free enterprise system is the need to permit business enterprises to fail as well as succeed. To make business enterprises fail-safe is to make the system stagnate and atrophy. The potential for success or failure is a necessary ingredient in producing innovation and efficiency, and eliminating waste and inefficiency.

As a recent *Business Week* column pointed out:

The willingness of the government to shelter a big corporation from the pain of retrenchment takes the flexibility out of the system. A game in which there are no losers puts no premium on good management or good economic policy.

If corporate entities in major segments of our economy have grown so large and dominant that we cannot afford to allow

them to fail without risking economic collapse, then the competitive system itself no longer effectively exists, and we had better stop pretending that it does.

These advocates of a corporate fail-safe system want to establish an RFC to purchase new issues of stock put out by large corporations which could not be marketed to other investors. The effect of this would be to sustain financially ailing corporations and their managements, bail out the poor investment decisions made by bank trust departments and other large investment managers, provide a risk-free and lucrative way for investment bankers to float securities, and provide brokers with a ready market to collect commissions from securities transactions.

The day of reckoning in terms of permanent Government takeover or direct subsidy, or outright bankruptcy would be deferred, but only temporarily, at great cost to the taxpayers who would ultimately have to pick up the tab following the inevitable collapse of some of these companies.

Where are we headed if we go down this road? Obviously, rapidly away from any semblance of a free competitive economic system and toward a combination of private monopoly for big profitable corporations and government guaranteed monopoly for big unprofitable concerns.

As the conservative columnist George Will put it in a recent column:

Government involvement in the railroad industry typifies our new political economy: our evolving welfare state for industry socializes losses while keeping profits private. Note well: the USRA's plan has been called "nationalization with a Chamber of Commerce label."

In rowdier countries the coming of socialism is announced by the vanguard of the proletariat storming winter palaces. But here the coming socialism is announced by congressmen at Rotary meetings in small towns.

## THE REAL NEED FOR AN RFC IGNORED

Curiously, Snudgco has not indicated the slightest concern for small and medium-size businesses and industries that could provide effective competition for big ailing companies, and which are characteristically starved for equity investment capital regardless of economic circumstances. These are the entities that are usually closed out of credit markets during recessionary periods such as the one at present. These credit-worthy corporations, partnerships and individual entrepreneurs are the ones that are truly deserving of financial assistance from a national development bank or some other RFC-like agency. Unless small and medium-size businesses and industries are given adequate nourishment in terms of investment capital and credit, our free, competitive enterprise system will very quickly become a myth, if it has not already, and we will end up with an economy inescapably in the cartel-like grip of oligopolistic, if not monopolistic, corporations; and many of these could ignore otherwise inexcusable inefficiency, incompetence and stagnation because of the availability of Federal financial assistance.

Snudgco should demonstrate its proclaimed faith in the free, competitive en-

terprise system by working to make it more competitive and enterprising instead of running around with a proposal that in effect calls for a kind of paternalistic socialism for big corporations which are financially in the lurch. Rather than stumbling along this path, Snudgco would be better advised to advocate the use of Federal financial resources to aid soundly conceived and managed small and medium-size businesses and industries to exist and grow and thus increase competition and efficiency in our economic system. As it is, the riders of Wall Street are crusading exclusively in behalf of giant corporate failure.

With a quality of tunnel vision that is remarkably circumscribed, they have completely ignored the generally acknowledged priority areas of small and medium-size business and industry, the urgent public works and facilities investment needs of State and local governments, and housing.

Equally important, they have either forgotten or refuse to recognize still another paramount priority area investment need, that of providing adequate capital on a long-term basis and on reasonable terms to finance technological innovation. Such investments are crucial to the future of our competitive economic system, relying as it must on constantly more efficient methods of utilizing human and material resources. The conservation of energy and mass transportation are but two pressing examples of this need.

Perhaps much of Snudgco's indifference to this subject would be better understood if this shortcoming is viewed against acknowledgement that large corporations, dominating their markets as they do, have little, if any, incentive to invest in technological innovation. The gasoline engine, whose basic efficiency in terms of energy utilization has not been improved in years, is a good example of the problem that the automobile industry has been happily foisting on the consuming public since the turn of the century.

Mr. Speaker, large corporations which are financially failing find themselves in this position through their own fault and not because the financial system is arbitrarily withholding support from them. To provide special assistance to them through an RFC-like agency by purchasing equity shares or providing loans is to make a priority out of monumental mismanagement.

This is the challenge that Snudgco was born to meet. As indicated, it is busy showing the public and fudging the facts so that big failing corporations can stay that way at public expense.

#### THE 90TH BIRTHDAY OF HON. FRANCES P. BOLTON

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. J. WILLIAM STANTON) is recognized for 10 minutes.

Mr. J. WILLIAM STANTON. Mr. Speaker, I rise to call to my colleagues' attention that this Sunday, March 29, marks the 90th birthday of one of the most distinguished Americans ever to

serve in this body, Mrs. Frances P. Bolton of Cleveland. Those of you who were privileged to serve with her during her 29 years here in the House will be pleased to know that this great, dynamic lady has continued to lead an extraordinarily full and active life since leaving the Congress in January of 1969.

As Vice Regent from Ohio of the Mount Vernon Ladies' Association since 1938, she has continued her work in the preservation and restoration of the home of George Washington, and has been the leader in the preservation of the view from Mount Vernon. She is President of the Accokeek Foundation, Inc., which has the responsibility of preventing oil tanks, high-rise buildings, and other unsightly projects from spoiling the Maryland shore across the Potomac from Mount Vernon. She is chairman of the board of regents of the National Colonial Farm, which operates a typical Maryland farm of colonial days, on a portion of this "overview" from Mount Vernon.

Mrs. Bolton has been keenly interested in the former Members of Congress, Inc., organized soon after her retirement from the House. With Dr. Walter Judd and others she has urged the establishment of permanent records, including taped interviews with former Members who have been leaders in the Congress. Such information, she believes, would be highly useful to future scholars.

During 28 of her 29 years in Congress, Mrs. Bolton served on the House Committee on Foreign Affairs where she was ranking member when she retired. She maintains an avid interest in our foreign policy, and after her retirement accepted a place on the board of governors of the Middle East Institute. She continues to be a member of the Advisory Council of the School of Advanced International Studies of the Johns Hopkins University. In 1969 the Johns Hopkins University conferred upon her an honorary doctorate of law. In 1973 the Frances P. Bolton Chair for African Studies was established at the School for Advanced International Studies in Washington in tribute to her long recognized expertise in African problems.

No Member of Congress contributed more to progressive legislation in health and nursing than Frances Bolton. Her devotion to public health was widely known long before she succeeded her late husband, Chester, in the Congress in 1940.

During World War I, as a member of a special committee representing the three national nursing organizations, she secured from the late Newton D. Baker, then Secretary of War, the order that made possible an Army School of Nursing. Although the Army Chiefs of Staff had refused to consider the request, once the school was established, it met the nursing needs of the First World War. During World War II it was the Bolton bill that created the U.S. Cadet Nurse Corps. She was instrumental not only in equalizing the pay of nurses with that of male officers of similar rank, but also in changing the status of nurses from relative to full commissioned rank as officers in the Armed Services. In Cleveland, her long-time interest in

nursing is manifested in the Frances Payne Bolton School of Nursing of Case-Western Reserve University.

Frances Bolton's impact on her times has been saluted around the world. Awarded membership in the French Legion of Honor for her work during and after the war, she has also been honored by the Government of Greece. Operation Crossroads Africa bestowed an award on Mrs. Bolton in tribute to her leadership in the awakening of the United States toward the possibilities, the promise, and the future of Africa. She is the recipient of honorary doctorates from 16 American colleges and universities and a host of other honors and awards from civic, political and professional organizations across the Nation in testimony to her consummate interest and contributions to her fellow man.

The dean of women in both House and Senate for eight years, Frances Bolton's life has been characterized by progressive Republicanism in the tradition of her family for generations. Both of her grandfathers served in the Ohio State Legislature; one of them, Henry B. Payne, going on to the U.S. Congress, first as a Representative and then as a Senator. When her late son, my good friend and predecessor, Oliver P. Bolton, was first elected to the House of Representatives in 1952, Mrs. Bolton became the senior member of the only mother-son team ever to serve together in the Congress.

This Sunday her sons, Charles and Kenyon, her daughters-in-law, her eight grandchildren, and her three great grandchildren will gather at her winter home in Palm Beach to celebrate the beginning of her 10th decade of living. The nine preceding decades have been truly remarkable, filled with dedication to family and country and a magnificent generosity, fed by intelligent concern and a true sense of justice, and sustained by boundless energy, a pioneer spirit, and abiding faith.

I welcome this opportunity to extend my warm best wishes to Frances Bolton on reaching yet another milestone. Her life continues to inspire all of us who have been privileged to know her. Those friends and former colleagues who would like to remember her personally may address their messages to her at 1300 South Ocean Boulevard, Palm Beach, Fla. 33480.

Mr. BROWN of Ohio. Mr. Speaker, it is with a great deal of personal pleasure that I rise to join my colleagues in sending special and heart-felt greetings to Mrs. Frances P. Bolton on the happy occasion of her 90th birthday. She has my deep respect and personal affection and sincere wishes for continued health and happiness.

Mrs. Bolton's distinguished record of service in Congress for 29 years is well known to all of us. I have admired her since she was elected to succeed her late husband, Chester C. Bolton, during the 76th Congress, when my late father, Clarence J. Brown, Sr., was serving his first term in the House. She and dad worked together for many years as fellow Members of the Ohio Republican

Delegation. Mrs. Bolton was the ranking minority member of the Foreign Affairs Committee while dad was the ranking minority member of the Rules and Government Operations committees.

I also had the honor of serving with Mrs. Bolton for several years after I came to Congress. It was then that I learned to appreciate her great dignity, her sense of humor, and her positive leadership. One anecdote tells much about this effective Congressman—and she always referred to herself as a Congressman. It seems a number of her male colleagues in shirtsleeves were perspiring over legislative draftsmanship and experiencing some frustration. One of them, in his annoyance, turned the air blue with his language during the discussion of a matter at issue. When he suddenly remembered Mrs. Bolton's presence, he stopped and apologized profusely. Unruffled, Mrs. Bolton responded:

Oh, never mind me. After all, I'm just one of the boys; but now that we've let off our steam, let's get down to hammering out the legislation.

On another occasion, I experienced Mrs. Bolton's perspective on things first hand. I had been agonizing personally over how to vote on a difficult issue. My male colleagues had cajoled and argued with me one way and another until I was uncomfortable in my own indecision. Then I saw Mrs. Bolton heading toward me. When she came up with her imposing stance and called me "Clarence," I knew I was in trouble.

"Clarence," she said, "I've been meaning to talk to you."

"Not you, too, Mrs. Bolton. I've been lobbied by everybody."

"Not about this," she said. "I always felt free to criticize your father, and I feel I have a right to tell you when I think you are doing something wrong."

I conceded that prerogative to her and asked her what she wanted to say.

She drew herself up and said, "It is not proper for a Member of Congress to chew gum on the floor of the House."

Had she asked me to do so, I would have spit my gum out in her hand then and there. She was an effective teacher in small things as well as great matters. While we did not always agree, we always enjoyed each other's confidence and respect. I hope she will enjoy good health for many years to come so that she can continue the many productive activities in which she has been involved. Her life has been touched by tragedy through deaths and illnesses to loved ones, but it has never discouraged her from her dedication to that family and many other people—and to her country.

In addition to her great contributions to her country through her service in this House, Mrs. Bolton has been active in public health nursing, nursing education, social service, and research in education. It is a testimonial to the respect she has received in all of these areas that she has been awarded honorary doctorate degrees from 15 colleges and universities.

Mr. Speaker, may I say that Mrs. Bolton's spirit of contribution to her fellow human beings is a spirit we all would do well to emulate.

#### A BAD WEEKEND FOR THE UNITED STATES AND THE FREE WORLD

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. TALCOTT) is recognized for 4 minutes.

Mr. TALCOTT. Mr. Speaker, we were told, and I believe, that our purpose in South Vietnam was solely to help them avoid being unified—taken over—by North Vietnam by force and terror. Right or wrong, and notwithstanding all the cliches and deluding abstractions used by proponents and opponents with equal vigor and disregard for the truth, our purpose was legitimate and based on treaties, commitments, and our own national, Pacific, and international interests.

I trust this is the same purpose for being involved with Israel, the Middle East, and NATO.

We could care less who their leader is, or who is in their Parliament or Knesset. That is really their business, not ours. Certainly, we are not "nation building," saving democracy, or trying to sustain anything in "our image" in Southeast Asia, the Middle East, or NATO.

We could care less about their changes of leaders, parliaments, or systems, so long as the changes are made internally rather than imposed by force and terror from outside and do not affect our security or national interests.

The fact that we bungled badly in Southeast Asia, and may be no more successful now in the Middle East and may later fail in Europe, should not demean our legitimate concern for the people of those parts of our planet.

Several things are now clear. We could not make the Vietnamese or anyone else, in our image—nor should we. We should not expect the Vietnamese, or anyone else, to adopt our ways simply because we proffered our aid. No one expected this of the English or European countries which we helped much more extensively in World War I and World War II, or anyone else that we have helped over the years.

We did not help them because they were like us. No other nation is like us except that they and we crave peace with freedom. A peaceful world and a free world are in our best national interests. Marauders and oppressors and those who covet the lands of other nations are inimical to world peace and our own freedom.

Times, attitudes, and tactics change, but the threat to our peace and freedom persists and it comes from many directions and sources.

When people, other human beings, plead for help and assistance, we give them the assistance they need and want. If a friend is hungry and needs food, we do not give them furniture just to be giving gifts or to be acclaimed as a generous friend.

When Israel requests military aid, including jets, tanks, and munitions, we give them exactly what they want—and fast—in more than adequate amounts with few questions asked. We do not send furniture just to be demonstrating our friendship and we do not insist on them changing anything in "our image."

When other nations, down the years, have pleaded for help or assistance, we have not given a litmus test for corruption. Perhaps no developing, or even mature, nation would qualify. Maybe we would not qualify for aid under such a test in the eyes of many peoples of the world. The fastest and surest way to end all of our foreign aid would be to preclude any nation that suffered from internal corruption.

Of course, if our foreign aid is to be extended only to republics and to free enterprise systems similar to ours, we could also terminate our foreign aid programs now. But if our foreign aid program is to help neighbor peoples in need, or to protect helpless nations from being overrun by force and terror, or to provide general stability, peace and freedom in our world, we may necessarily be required to deal with some nations and leaders who could not be confirmed as President by this Congress.

The peoples of most nations crave peace and freedom as much as they crave food and shelter. Sometimes the peoples of Israel and South Vietnam may need military aid more than anything else. Unless they have some personal security, food and shelter are quite meaningless.

Unfortunately, most Americans are spoiled in many ways; and we especially take our freedoms for granted because we have never known any real loss of freedom and most of us have never been overrun by force and terror. Few of us can understand what the South Vietnamese, the Israelis, and the Palestinians are up against. Few have ever suffered the terror and agony of the refugee trail.

But until we can appreciate their positions and needs better than they, we should try to respond to what they perceive their needs to be. If they need military aid, we should give them military aid or let them know that we no longer intend to help.

Pious humanitarian aid to whole peoples after they have been overrun and driven from their homes and separated from their families by force and terror is woefully inadequate and pitifully unresponsive to the basic needs of civilized people.

So it is not the true need of the South Vietnamese or of the Israelis or of the Palestinians that we are considering. Their need is clear to them. If we were truly a friend or an ally we would give them what they need.

But we are no longer a friend or an ally. We will give only what we think they need. This is being a benefactor, not a friend. This is charity, not help.

The American people, for various reasons, no longer have the will, wherewithal, or stomach to continue military aid to South Vietnam or Cambodia and probably Israel.

Humanitarian aid is no aid to people who have no security or freedom. By disdaining military aid to protect their security, we will be getting off the hook for food, medical supplies, and clothing, also.

We can say that more military aid will only prolong the killing. Prolongation of killing is really not the question. The real issue is who will be killing and for what reason. The South Vietnamese will be the victims of the blood bath and it is likely to be fast and indiscriminate.

after the capitulation. The invaders and oppressors will be killing rather than the defenders.

Those who favor unification of Vietnam by North Vietnam and the communization of Vietnam by force and terror will, of course, be pleased. I am not. But I am used to being in the minority by now.

I trust Americans will have no future qualms about their decisions to withhold assistance from their friends and allies in desperate need.

I believe the decision will ring the death knell for a free South Vietnam and Cambodia. Laos, of course, cannot last long. Thailand and Indonesia should be uneasy—about continued Communist aggression and about the unlikelihood of any U.S. assistance.

These are bad days for our national credibility and our position of leadership for peace with freedom for ourselves and for others.

#### LET'S HAVE A FARM PROGRAM—BUT NOT AT TOO HIGH A PRICE

**THE SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. RAILSBACK) is recognized for 5 minutes.

**Mr. RAILSBACK.** Mr. Speaker, I have mixed emotions about the farm bill. I represent one of the most productive agricultural districts in the country. In my opinion, there are some actions that have been taken which have caused a degree of uncertainty in the minds of my farmers as to whether they should accept the challenge to produce in accord with the call of the President of the United States. The American farmer has shown that he can produce to meet our domestic food needs as well as the needs of the hungry people of the world. However, because of the postponement of the Russian food and grain purchases and because of the monitoring of the farm exports, farmers are apprehensive whether we are adopting a cheap food policy. So, I believe that certain actions should be taken as quickly as possible to alleviate their concern and so as to encourage them and provide them the incentive to produce.

We should:

First. Make it very clear that we favor—including the administration—an expanded export policy;

Second. Completely eliminate the export monitoring policies that have caused uncertainty on the part of our farmers.

Third. Make efforts to help tap herefore untapped foreign markets that could further help our agriculture trade.

Fourth. Resist the temptation of imposing restrictive import tariffs that will interfere with this country's free trade;

Fifth. Develop the means to transport agricultural produce both to our domestic markets as well as to our foreign markets; and

Sixth. Increase the Federal estate tax exemption to reflect the great appreciation in asset values—particularly land—and the problems that survivors of farmers and small businessmen have had because of the lack of liquidity when the estate tax comes due.

Having said that, I then considered

the farm bill, which causes me concern, primarily because the high loan rate and target prices could cause intrusions by the Federal Government in the free market process in purchasing farm commodities which could later be dumped on the market to depress the market price. For that reason, I supported certain amendments designed to make it less likely that the Government would become involved in either purchasing commodities or paying huge subsidies in the case of overproduction.

In addition, I also opposed the increased support price for cotton. Over the past several months, it has become increasingly obvious that there is not as much demand for cotton. If higher target prices are approved for this product, I fear that many growers will continue planting, gaging their production toward the provisions in the bill, rather than toward the needs of the market.

I had a difficult time in deciding whether to even support the farm bill on final passage. After listening to much of the debate, however, I decided that we do need a farm program, and that we cannot vote it out altogether as some consumer-oriented Congressmen would have us do.

Hopefully, the target price provisions and loan rates will not have to go into effect. Hopefully, the market prices will exceed those figures. We must try to relieve the uncertainty that exists today on our Nation's farms. We must encourage the operation of the free market and at the same time help to assure our Nation's farmers that we want them to have unobstructed markets that will serve to promote free trade with other countries of the world and will also help to stabilize domestic agricultural prices.

According to USDA figures, farm production costs have skyrocketed in recent years. In 1974 alone, expenses rose over \$10 billion. Much of the increase was due to added fuel costs, increased fertilizer prices, and rising interest, tax, and wage rates. Loans and credits have been difficult for many farmers to obtain. And farm income, which declined in 1974, is expected to drop again this year. I, therefore, feel that we need to give the farmer some protection.

In closing, I would like to add that, in my opinion and certainly in the opinion of the people I represent, even more important is the pursuit of a free trade policy. Last year the American farmer exported over \$21 billion of agricultural goods which contributed greatly to our balance-of-trade situation. No monitoring or restrictive policies should be adopted that would hamper production. A strong agriculture is vital to our country.

#### HIGH PRICES

**THE SPEAKER** pro tempore. Under a previous order of the House, the gentleman from California (Mr. MCFALL) is recognized for 5 minutes.

**Mr. MCFALL.** Mr. Speaker, the March 23 edition of the Washington Post contains a perceptive article by Hobart Rowen, the Post's economic columnist, on high prices. The article is particularly relevant to the Concentrated Industries

Anti-Inflation Act which I have introduced. I commend the article to my colleagues.

#### INDUSTRY WARNED ON PRICE 'HEDGES'

(By Hobart Rowen)

The Democratic majority of the Joint Economic Committee of Congress warned industry this weekend that maintenance of excessively high prices as a hedge against reimposition of wage and price controls would be self-defeating.

Citing recent price increases in chemicals, machinery and equipment, and the transportation industries, running counter to the general slowing down of wholesale price increase, the committee majority said:

"The one thing which might lead to the reimposition of controls would be persistent price increases which cannot be justified by either market conditions or cost pressures."

The Democrats' warning on prices, coupled with a proposal for giving the Council on Wage and Price Stability power to delay price increases up to 90 days, was contained in their annual commentary on the President's Economic Report.

Most of the Democrats' basic policy recommendations to deal with recession were made public March 7 in a presentation by Joint Economic Committee Chairman Hubert H. Humphrey (D-Minn.) to the Senate and House budget committees.

These include total tax cuts up to \$35 billion this year, and \$20 billion in new spending programs, primarily to deal with emergency job creation or expanded unemployment compensation. The goal of the Democrats' "emergency" program is to cut unemployment to no more than 8.1 per cent at the end of 1975, compared with a possible 9.5 per cent projected under President Ford's program.

The committee majority made clear in the new report that it was opposed to wage and price controls "either now or in the foreseeable future." But it indicated concern over "puzzling price behavior" in certain industries it labeled as "concentrated."

In contrast to a gain of only 8.1 per cent for all wholesale industrial prices from August, 1974, through February, 1975, compared with a 36.9 per cent increase from February, 1974 to August, 1974, the committee cited a 27.3 per cent increase in chemicals for the more recent period (compared with 72.6 per cent); 19.1 per cent for machinery and equipment (compared with 29.3 per cent); and 19 per cent for transportation (compared with 13.6 per cent).

For fuels, paper products, metals, and many other industrial products, there had been a sharper deceleration in the rate of price increase. For textiles, lumber, and a few other products, there had been an actual decline in prices.

The one unanimous part of the report was a chapter on international economic issues, not made public before, which offers several key recommendations to the Ford administration and Congress. Among them:

The recent decline in the foreign exchange value of the dollar "should not be a cause for great concern" on the part of the Ford administration, and should certainly not lead to costly intervention to prop up the dollar. The committee pointed out that a drop in the exchange value actually makes American exports more competitive.

Efforts to achieve price stability at home should not cause policy-makers to ignore regular foreign customers, because that would run the risk of "loss of foreign markets for U.S. agricultural products and raw materials."

Fears of Arab or other cartel country takeovers of American industry are "in a large part exaggerated," but reporting requirements should be reviewed, and stricter legislation passed to regulate foreign banking in the United States as part of a "coherent" national investment policy.

The United States should give up the effort to set "a common floor price" under the world petroleum market because "it would tend to institutionalize the current high prices." This bipartisan recommendation raised questions whether Congress would ultimately approve the "minimum import price agreement" successfully pushed through the 18-member International Energy Agency in Paris last Thursday by State Department officials.

Committee Republicans while joining in a unanimous call for a swift (but temporary) tax cut, more public sector jobs, and pressure on the Federal Reserve Board for an easier monetary policy, voiced serious reservations in a minority report about the size of the impending federal deficit, which would hit a two-year total of \$130 billion under the Democrats' proposals.

The Republicans challenged the statement by the Democrats and Sen. Jacob Javits (R-N.Y.) that the deficit could be financed with no strains in the money market, provided the Federal Reserve allows the money supply to grow at a reasonable rate.

"Frankly, we are alarmed at the size of this deficit," the Republican minority said, warning that "our situation now has more parallels with the Weimar Republic days in Germany in the late 1920's than anything else—including a certain lack of confidence in government's ability to do anything well . . ." A devastating inflation closed out the days of that German government.

Javits chided his fellow Republicans for "excessive" fears about budget deficits, warning they would increase "unless we act promptly to provide greater stimulus . . ."

This was precisely the point made by the Democratic majority, which used strong language in urging that the power of the Federal Reserve Board be circumscribed. A new resolution of both houses of Congress will shortly require the Fed to make semiannual appearances before Congress to discuss monetary policy goals.

"At times past," the majority report said, "Congress has permitted the Federal Reserve to make independent judgments with respect, for example, to the degree of inflationary risk posed by the pursuit of certain output and employment targets.

"While the advice of the Federal Reserve governors is of great value to the Congress on questions of this type, the power of decision is entrusted to the Congress. The power and the responsibility of the Federal Reserve is limited to the execution of monetary policies which will contribute to achievement of the basic goals established by Congress.

This suggests that Congress in the coming months will exert continuing great pressure to push Federal Reserve Chairman Arthur F. Burns toward what is called a more "accommodating" policy—that is, one that will enable the Treasury to finance the large budget deficit without pushing interest rates higher.

The joint committee majority specifically called for the Fed to "reduce both short-term and long-term interest rates and keep them low throughout 1975."

Rep. Henry S. Reuss, (D-Wis.), one of those who maneuvered the new resolution on the Fed through Congress, observed that lowering short-term interest rates, already down to about 5.6 per cent from above 9 per cent last August, is now a lesser priority than getting long-term rates down.

Other major recommendations in the long majority report included:

A new Planning Commission to develop long-range policies for economic growth and development.

A new requirement that the government, as it shapes economic policy, pay attention to the impact on cities and states.

Special focus in tax reform on strengthening the minimum tax and on eliminating the Domestic International Sales Corp.

(DISC). The value of DISC, originally designed to spur exports, has been widely questioned. But the Ford budget's new list of "tax expenditures" shows that DISC would cost the Treasury \$1.3 billion in fiscal 1976.

#### BYELORUSSIAN INDEPENDENCE DAY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. RODINO) is recognized for 5 minutes.

Mr. RODINO. Mr. Speaker, today is a day of great significance—great pride and great sorrow as well—for the citizens of Byelorussian origin. For today Byelorussians worldwide are celebrating the 57th anniversary of the Proclamation of Independence of the Byelorussian Democratic Republic.

It was in 1918 on this day, that the duly elected council of Congress declared the sovereignty of the Byelorussian Democratic Republic. In direct conflict with this declaration of sovereignty and through military intervention, the Soviet Union forced a courageous people to become a satellite nation. Millions of farmers, peasants, and intellectuals were arrested and deported to Siberia. The right to practice religion and the freedom to voice opinions were crushed by Soviet oppression. Yet despite the terror and devastation wrought upon their land, the people of Byelorussia fought and died for their independence.

That fierce desire to be free remains in the hearts and minds of the people of Byelorussia. And we all look forward to the time when that paramount ambition for self-determination will be finally realized.

Mr. ADDABBO. Mr. Speaker, this week Congress observes the 57th anniversary of the independence of the Byelorussian Democratic Republic. I am pleased to join with my colleagues in commemorating this important event because it brings to the forefront of public attention the precious nature of freedom and the millions of people who live in captive nations.

On March 25, 1918, Byelorussia announced its independence but just 10 months later the people of that nation were deprived of their liberty as the result of Bolshevik expansionism. Each year Americans of Byelorussian descent and people in all corners of the world stop to remember the historic events which led to the brief period of freedom for Byelorussians and the subsequent oppression of those courageous people.

Members of Congress also participate in these ceremonies because of the importance of letting captive people everywhere know that they are not forgotten. Americans must not turn their backs on the desire of other people for freedom and we as the leaders of the free world must support those hopes for liberty with our own sympathies.

The Soviet Union has adopted a most unfortunate policy of spiritual and cultural genocide in other lands and they have tried to stamp out the hope for freedom in captive nations. The Soviets have been unsuccessful however because the desire for freedom is too strong to

be extinguished so long as there is moral support from the free world.

This occasion takes on additional significance in the era of détente and that is why our participation in these ceremonies is important. Freedom once obtained must be retained with every bit of energy at our command. That is the lesson for Americans as we express our sympathies and support for the people of Byelorussia.

Mr. WYDLER. Mr. Speaker, on the 57th anniversary of Byelorussian Independence Day I wish personally to reaffirm my support and sympathy for the brave and indomitable Byelorussian people. We should never forget their claims for independence and self-government. An ancient history, a culture and literature which has given form and meaning to the undying traditions of a people who have lived under many different occupations and tyrannies and which have been partitioned and repartitioned by its powerful neighbors. After centuries of oppression on March 25, 1918, the Council of the Byelorussian National Republic, which had shaken off the chains of Russian domination in the political chaos which accompanied the collapse of the Russian Tsardom and the defeat of Germany, proclaimed the independence of Byelorussia—the event we are honoring today. During its brief period of independence a cultural flowering occurred which bears testimony to what an independent Byelorussia is capable of accomplishing under a national constitution guaranteeing freedom of speech and assembly, liberty of conscience, inviolability of person and home, and equality of all citizens under the law.

But the independence of Byelorussia was tragically short—even shorter than that of its neighbors which today also suffer under the Soviet yoke—Estonia, Latvia, and Lithuania. Byelorussian independence lasted only a brief 3 years despite a Soviet promise to respect its independence. The country was again brutally divided between the Soviet Union and Poland in 1921.

Under Soviet tyranny thousands of the Byelorussian people, including political leaders, prominent educators, members of the intelligentsia, and innocent citizens were seized and deported or executed. Again after World War II Byelorussians were brutally treated. Masses were murdered or sent to prison camps in Siberia under false accusations that they had supported Nazi imperialism.

But even this brutal treatment has not broken the spirit of this valiant people. Out of admiration for this determination and courage I take this opportunity to commend the many people of Byelorussian origin both in the United States and abroad, and especially in the Soviet Union, who continue to strive for the eventual restoration of freedom to their homeland.

Mr. DERWINSKI. Mr. Speaker, today, March 25, marks the 57th anniversary of that brief period in history when the Byelorussian people enjoyed national independence. In 1918, the Byelorussian National Council issued a proclamation on independence, thus forming the Byelorussian Democratic Republic and ending nearly 3½ centuries of foreign domi-

nation. Unfortunately, the Byelorussians were allowed to enjoy their freedom only a few short months before their sovereignty was crushed by the conquest of the Soviet Army.

This anniversary is of great significance for citizens of Byelorussian origin in the United States and in other countries in the free world. However, in Byelorussia, this national observance of independence is replaced by the celebration of the Bolshevik Revolution, which signifies the subordination of Byelorussia to Soviet Russia.

Despite continuous terror activities imposed upon them under the Communist regime, the Byelorussians fought at every opportunity for liberation from Soviet Russian domination. There were armed uprisings in the Slutsk district in 1920, and Vyelizh, Homel, and other areas in 1922. At the end of World War II, the All-Byelorussian Congress again convened to approve a second proclamation, but was soon dispersed by the Soviet Government.

In 1973, the Soviet Russian Government introduced a new economic and administrative redistricting, dividing the entire territory of the U.S.S.R. into seven districts. This partition completely ignores the existing ethnic groups and their individual republics within the U.S.S.R., and, in effect, increases the solidarity of the Russian empire and consolidates non-Russian nationalities into a single Soviet Russian nation.

Throughout their history, the Byelorussian people have transmitted from generation to generation their national identity through their cultural achievements and rich heritage. The knowledge of what it is to be free and the determination for this renewed freedom continues to drive these people in their dream of restoring justice in their homeland.

Mr. Speaker, I believe it is important to keep in mind that in this era of "détente", activities of oppression still continue to exist against the non-Russian peoples of the U.S.S.R. I strongly support the existence and broadcast of Voice of America, Liberty, and Free Europe, and that coverage should not exclude any nation or language, especially that of Byelorussian, the language of the third largest Soviet nationality within the U.S.S.R., in their broadcasts to Eastern Europe.

I take this occasion to direct the attention of the Members to this anniversary of Byelorussian independence so that not only the people of Byelorussia but all captive nations will continue to merit our support until the day comes when their freedom is restored.

Mr. RINALDO. Mr. Speaker, now more than ever the United States is actively engaged in bringing peace into the world. But we should not forget those countries where the struggle for peace is less noisy than in the Middle East; where there are no daily headlines to tell us of great sacrifices; and where suffering is met with silence, hope for the future, and indomitable national pride.

Fifty-seven years ago, on March 25, 1918, the Byelorussian people proclaimed their independence from Russia and declared the autonomy of the Byelorussian

Democratic Republic. The Soviet Government retaliated almost immediately, annulling that spark of freedom by creating the Byelorussian Soviet Socialist Republic and closing it within the iron-fisted grasp of the U.S.S.R. Since that day, Byelorussian Independence Day has been replaced by a forcibly imposed observance of the Bolshevik Revolution.

The original constitution of the Byelorussian Democratic Republic guaranteed freedom of speech and assembly; liberty of conscience; inviolability of person and home; and equality of all citizens under law.

These liberties are denied under Soviet rule. In fact, the Russification policies of the Communist government in Moscow have as their goal the assimilation of all peoples under the hammer-and-sickle. Yet, to a nation, they have all resisted: the Byelorussians; the Ukraines; the Estonians; the Latvians; and the Lithuanians.

On the eve of the American Bicentennial, we should be mindful of those people whose struggle for freedom has still not succeeded, but who struggle nonetheless.

Let us hope and pray, Mr. Speaker, that someday we in the House of Representatives will no longer give speeches commemorating a national independence lighted and snuffed out at the beginning of this century. Instead, I hope that we shall one day welcome into the community of sovereign nations the Byelorussian Democratic Republic.

Mrs. FENWICK. Mr. Speaker, March 25, marks the 57th national independence day of the Byelorussian National Republic, which lies between Poland, the Ukraine, and the Baltic states. On March 25, 1918, the Rada—the legislation body of the Byelorussian Republic—solemnly proclaimed the Independence of Byelorussian Republic—solemnly proclaimed the independence of Byelorussia and published a constitutional decree:

A year ago, the peoples of Byelorussia, together with all the peoples of Russia, threw off the yoke of Russian tsarism which, taking no advice from the people, had plunged our land into the blaze of war that ruined most of our cities and towns. Today we, the Rada of the Byelorussian National Republic, cast off from our country the last chains of the political servitude that had been imposed by Russian tsarism upon our free and independent land. From now on, the Byelorussian National Republic is to be a free and independent power. The peoples of Byelorussia themselves, through their own Constituent Assembly, will decide upon the future relations of Byelorussia with other states.

Even though the Byelorussian people were able to proclaim their independence, their dream of a free and independent Byelorussian state with a distinct Byelorussian cultural identity was left unfulfilled. The Byelorussian people were unable to preserve the independence of their land against the onslaught of overwhelming Russian Communist forces and the Byelorussian Soviet Socialist Republic became nothing more than an administrative arm of the Moscow government, in no way representing the hopes of the Byelorussian people. This is why March 25 is being celebrated by Byelorussians throughout the free world as well as Americans of Byelo-

russian descent, as a symbol of their national aspiration.

During the 19th and early 20th centuries, Byelorussian nationalism became a strong movement both politically as well as culturally, and the concept of Byelorussia as a distinctive national entity—considered apart from the Great Russia—began to take shape. A growing interest in ethnology and language, and the publication of books abroad in the Byelorussian language, which were smuggled into the homeland, established the Byelorussian language. The founding of a teachers' society for the propagation of the Byelorussian language, the establishment of separate Byelorussian journals and a Byelorussian theater all contributed to generating Byelorussian interest in their national culture.

Parallel interests in political activity developed among Byelorussians. In 1902, Byelorussian students in St. Petersburg established the Byelorussian Revolutionary Party, which became politically active throughout the country. In 1903, the party held a Congress in what is now Vilna, Lithuania, where it called for the autonomy of Byelorussia with a parliament in Vilna. It also changed its name to the Byelorussian Socialist Hromada. Other parties, socialist and peasant oriented, were subsequently founded, each serving a specific Byelorussian political interest.

Under the German occupation of Byelorussia during World War I, Byelorussian leaders were able to carry on their political work. Although the German authorities imposed certain restrictions upon the Byelorussians, the occupying Germans were permissive in their treatment of the people. In fact, it was said that the Byelorussians had enjoyed greater freedom under the Germans than under the Russians. Byelorussians, for example, were permitted to use their language for instruction in Byelorussian schools.

The outbreak of the Russian Revolution in March 1917 created new opportunities for Byelorussians living under Russian control in the eastern sector of the country. A Congress of the Byelorussian Socialist Hromada was held in Minsk, Byelorussia's major city, shortly after the revolution. The Congress called for the reorganization of the Russian Empire as a federative state with Byelorussia enjoying autonomous status. On March 25–27, 1917, all existing Byelorussian organizations held a conference, agreed on the same demands, and created a Byelorussian National Committee. In July, another conference was held. The Byelorussian National Committee was changed to the Central Rada of Byelorussian Organizations and Parties.

In October 1917, the Central Rada of Byelorussian Organizations and Parties took the name of the Great Byelorussian Rada and declared itself the national representative of the Byelorussian people. To counter this move the Bolsheviks established in Petrograd a Byelorussian District Committee within the Russian Soviet of Deputies of Peasants and Workers.

The first All-Byelorussian Congress met in Minsk on December 5, 1917, to de-

termine the final political form of the new Byelorussian State. After a meeting of 12 days, the Congress adopted a resolution by an overwhelming majority which endorsed the right of nations to self-determination and called for the establishment of a democratic government to be designated the Byelorussian National Republic. However, the Congress did not opt for complete independence from Russia; it merely took the first constitutional step.

Though this Congress was forcibly disbanded by a group of Bolsheviks, the Congress conferred once more and delegated its authority to a Rada of 71 members. On March 25, 1918, this Rada—representing the first All-Byelorussian Congress of the Byelorussian National Republic—issued their declaration of Byelorussian independence.

This period of freedom was short-lived for on December 10, 1918, the Red Army of the Bolsheviks seized Minsk and established a government of military revolutionary committees. Byelorussia's efforts to establish an anti-Bolshevik force failed. The Treaty of Riga in 1921, which ended the war between Poland and Bolshevik Russia also divided Byelorussia. Poland received one-third of the country with a population of 3 million while Latvia and the Soviet Union took the remainder.

Therefore, Mr. Speaker, it is important that on March 25, Byelorussian National Independence Day, we remember these heroic people and their struggle for national identity as a separate people and State. Let us celebrate this day of independence with the many Byelorussians all over the world, and give them the credit and respect which they have earned and for which they fought so long. Let us also hope that some day these brave people will once again arise and achieve their dream of a free and independent Byelorussian state.

Mr. FLORIO. Mr. Speaker, on March 25, 1918, the Byelorussian people proclaimed their independence. On that date, the Byelorussian National Republic was born. In spite of great difficulties, and sacrifices, the young Byelorussian state was unable to preserve its independence against the onslaught of overwhelming Russian Communist forces. The Byelorussian Soviet Socialist Republic, which was created in its place, is nothing but an administrative arm of the Moscow government and does not represent the hopes of the Byelorussian people.

This is why March 25th is being celebrated by Byelorussians throughout the free world as a symbol of their national aspirations. Americans of Byelorussian descent will also celebrate the 25th of March this year.

I would like to take this opportunity to salute the courage of the Byelorussian people in keeping their hopes and dreams alive for freedom and independence.

Mr. BROOMFIELD. Mr. Speaker, today marks the 57th anniversary of Byelorussian independence, and I rise to join the many Byelorussian-Americans in commemorating this occasion.

It was on this day, in 1918, that the Byelorussian people declared their in-

dependence and began a free and democratic system. Although that government lasted only a short time before the Soviet Union crushed it and forcibly annexed Byelorussia, the spirit of freedom still lives on in the brave people of that country. For 57 years the Byelorussian people have longed to return to the self-determination that was so cruelly taken from them by the Soviets.

As we in this country prepare to celebrate 200 years of independence, we must not forget the daily struggle of the Byelorussian people to regain their freedom. We must, through our words and actions, continue to show them our support for their noble cause.

Despite the stifling presence of Soviet oppression, the Byelorussian people have maintained their national and ethnic heritage for the day when they return to the status of an independent nation.

I too look forward to the day in the not too distant future, when the brave people of Byelorussia will be able to join their fellow countrymen and all freedom-loving peoples of the world in celebrating the rebirth of independence in their homeland.

#### BYLEORUSSIAN FREEDOM

Mr. HOWARD. Mr. Speaker, today I would like to remind the Members of Congress and the citizens of America of the plight of yet another European nationality which has suffered for many years under the terror and brutality of Soviet rule. Following closely last month's observance of the independence days of both Lithuania and Estonia, today marks the celebration of the 57th anniversary of the establishment of the independent Byelorussian Democratic Republic on March 25, 1918. Yet once again, we are prevented from truly celebrating this occasion by the realization that millions of people in Byelorussia have been forcibly deprived of their human rights and freedoms by Soviet totalitarianism.

That a Byelorussian national culture existed prior to 1918 is beyond doubt. The Byelorussian cultural revival of the 19th and early 20th centuries—as evidenced by a growing interest in ethnology and language, by the printing of books abroad in the Byelorussian language to be smuggled into the homeland, by the founding of a teachers' society for the advancement of the Byelorussian language, and by the establishment of separate Byelorussian journals and a Byelorussian theater—was to a large measure responsible for the increasing political awareness which culminated in the independence proclamation of March 25 by the Council of the Byelorussian Democratic Republic.

However, as in the case of the Baltic nations, the joys of freedom were short-lived for the people of Byelorussia. Soviet territorial greed, and the desire to be in a position to exploit the rich resources of the region, resulted in conquest and occupation of the newly created Republic. Since that time, Byelorussia has existed as a captive state, subject to the harsh oppression of Soviet tyranny.

In the face of threatened torture and persecution, the citizens of Byelorussia

have bravely struggled to retain their individuality and their national heritage. The action taken by the Soviet Government in 1973, when it introduced a new administrative and economic partition of the country, was aimed at increasing the solidarity of the Russian empire and consolidating non-Russian nationalities into a single Russian nation. However, even the effects of this redistricting have not dimmed the burning desire of the Byelorussian people to regain the freedom they once knew.

To those Americans of Byelorussian ancestry whose friends and relatives are virtually enslaved under the yoke of Soviet captivity, the liberties guaranteed by our Constitution are especially precious. On this occasion, let us join with our Byelorussian-American friends in their continuing efforts to see that the Republic of Byelorussia will once again be governed by a democratic system which insures such liberties to its people.

Mr. ROE. Mr. Speaker, it is indeed my privilege and honor to participate in today's national observance of the 57th anniversary of the Proclamation of the Byelorussian National Republic.

On this historic occasion, I am pleased to join with Americans of Byelorussian heritage in saluting the courage, fidelity, and dedication to the principles of representative democracy manifested by the long struggle and pioneering efforts of the Byelorussian people in seeking to restore their national identity as a sovereign state free from the forces of Communistic domination and control.

Under date of March 25, 1918, the Byelorussian people achieved national independence and regained the freedoms which had been lost to the Czarist Russia at the end of the 18th century. This national sovereignty, however, was short-lived and in January 1919 this young Byelorussian State was proclaimed the Byelorussian Soviet Republic. Today Byelorussia is enrolled as a charter member of the United Nations and a constituent republic of the U.S.S.R.

Mr. Speaker, America is indeed fortunate to have had the benefit of the cultural inheritance and historical achievements of the Byelorussian people. As a nation comprised of a society of people who came to the United States seeking comfort and solace from the oppressed and dictatorial government of other lands, we are most cognizant and sympathetic to the plight of those individuals whose way of life is stifled in so-called captive nations of the world.

Through this commemorative annual observance on behalf of the Byelorussian people, I trust that we can help reassure those people whose human rights and cultural heritage are held captive, not only behind the iron curtain of the Soviet Union, but throughout the world that there are many, many fellow human beings here in America who share and support their humanitarian ideals. International understanding and communion among all peoples of the world, permitting the widest possible expression of cultural and national heritage, will help achieve the quality of life that we all seek for ourselves and future generations to enjoy in fulfillment of

mankind's purpose and objective in attaining a rich and lasting peace among all men and all nations throughout the world.

Mr. KOCH. Mr. Speaker, I join with the Byelorussian people today in commemoration of the 57th anniversary of Byelorussia. While this independence was short-lived and the newly liberated state later succumbed to the Bolshevik armies, the spirit and the culture of the Byelorussian people is very much alive today.

The Byelorussian state will be remembered for its forward-looking government and for its significant advances in the fields of education, culture, and social welfare. The history of Byelorussia reveals that its people were tolerant of all ideas and cherished an almost unlimited right to freedom of speech. It is a grave matter, then, that the Byelorussian people, whose heritage is so rich in the traditions of democracy, must now live under the oppression of the Soviet Government. Today, as we commemorate their independence in 1918, we must also recognize and support the courage of the Byelorussian people who are still struggling to maintain their ethnic and cultural singularity.

In recognition of today's anniversary of Byelorussian independence, I have sent a letter to the U.S. Information Agency, as requested by the Byelorussian-American association, urging that the Voice of America broadcast in the Byelorussian language to the Eastern European countries. Presently, this language is not used by the Voice of America, although eight other Soviet languages are broadcasted, and the Byelorussian language represents the third largest Soviet nationality in the U.S.S.R. and in Poland. We, as Americans, must do all we can to help the Byelorussians preserve their heritage and national identity.

#### GENERAL LEAVE

Mr. EVANS of Indiana. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the subject of the special order of the gentleman from New Jersey (Mr. RODINO).

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

#### BLOCKING ARAB ECONOMIC BOYCOTTS

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from New York (Ms. HOLTZMAN) is recognized for 15 minutes.

Ms. HOLTZMAN. Mr. Speaker, I have introduced legislation (H.R. 5246), together with Chairman PETER W. RODINO, Jr., of the House Judiciary Committee, to block Arab-inspired discriminatory boycotts against American businesses.

In recent weeks we have heard many reports of Arab economic blackmail aimed at American firms which trade with Israel or are owned by or employ Jews. Arab nations and businesses have not only directly refused to deal with

such firms, but they have sought to force other American firms to discriminate against them as well. That the Arab countries engage in discrimination against Jews is repugnant. That they attempt to coerce others in this country to do so is dangerous and intolerable.

The implications of such economic coercion are enormous, posing a great and increasing threat to our Nation. A small number of Arab companies can, through economic pressure, influence a much larger number of American companies to participate in discriminatory practices. Thus, a multiplier effect is created which could spread discrimination throughout American business. And as their economic power grows, the Arabs are likely to have a much greater influence on American business than ever before, both through foreign trade and through increased investment in domestic corporations.

We cannot allow the Arabs to use naked economic blackmail to coerce Americans into engaging in religious discrimination, and we cannot allow any foreign power to dictate business practices in the United States.

It is essential, then, that Congress act quickly to protect Americans from foreign economic blackmail. My bill will do so. It imposes stiff criminal and civil penalties on companies which use economic means to coerce others to discriminate against Americans, because of religion, race, sex, national origin or lawful support for or trade with another country.

The bill also penalizes any company that cooperates with or participates in an illegal boycott. This provision is particularly important, because it will furnish American firms with a legal basis for resisting discriminatory Arab economic pressure, and deny competitive advantage to any company which would yield to such pressure.

Thus, for example, it would be unlawful, under the bill, for an Arab bank to tell an American company—as a condition of dealing with that company—not to do business with another firm, because it is owned by Jews, or because it trades with the State of Israel. It would be unlawful, as well, for the American company to obey such a discriminatory command.

Although the bill was designed to meet the immediate threat posed by Arab oil blackmail, its scope is broader. It is intended to protect all Americans against secondary boycotts engaged in for purposes of religious, racial, or other discrimination.

In order to have a substantial deterrent effect, the bill imposes severe penalties, equal to those in the antitrust laws. Any company which instigates an illegal boycott would be subject to fines of up to \$1 million, and its officials subject to imprisonment for terms of up to 3 years and fines of up to \$100,000. A firm that participates in a boycott would be subject to fines of up to half a million dollars, and its officials to fines of up to \$50,000.

The Attorney General is also authorized to seek a civil penalty of up to \$500,000 against a firm initiating a discriminatory boycott. If the firm is not

present in the United States, the Attorney General is empowered, in an appropriate proceeding to seize its assets in this country, including any funds owed to it by an American company, to satisfy the civil penalty.

Any person or company injured by an illegal boycott could bring action in Federal court for treble damages against a company instigating the boycott. In addition, an individual or company would have the right to sue to stop a boycott from going into effect, and to bring an action for damages against a company participating in a boycott.

Every effort has been made to draft a bill that protects all Americans from invidious economic coercion, but does not, in the process, infringe on rights of free expression. Eminent legal authorities have been consulted in the drafting of the bill to assure that it prohibits Arab economic blackmail and similar types of discriminatory economic coercion, but nothing else. Thus, the prohibition against instigating a boycott applies only to companies conducting business for a profit—not to individuals, labor unions, and nonprofit organizations. Second, the bill prohibits only secondary boycotts; that is, the pressuring of "neutrals" to refuse to do business with a third person for reasons of race, religion, sex, or trading with a foreign country.

I urge my colleagues to support this legislation.

#### THE FLEXIBLE HOURS ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from New York (Ms. ABZUG) is recognized for 15 minutes.

Ms. ABZUG. Mr. Speaker, today, I am introducing the Flexible Hours Act. This bill would permit Federal civil service employees to participate in an experimental 1-year flexible work scheduling program. The experiment would be the basis for deciding whether or not flexible hours options should become permanent within the civil service.

Flexible scheduling gives workers the option to adjust their hours of work to their personal or family needs within management designated constraints. Although this program is particularly well suited to the needs of working women with families, it helps all working parents who have difficulties adjusting often unpredictable family demands to rigid work schedules. Under this bill, flexible hours programs would be planned by management and employees and would include a core time period during which all employees would be present and a flexible period during which employees could vary their times of arrival and departure.

This bill specifically exempts any positions occupied by employees with respect to whom there is in effect a collective bargaining agreement which establishes hours of employment. The American Federation of Government Employees has expressed a favorable opinion of this approach which involves the voluntary cooperation of workers in all stages of its development.

In both the public and the private sectors, Mr. Speaker, flexible scheduling arrangements have been used success-

fully and have proved efficient. Firms which have instituted flexible schedules report that tardiness and absenteeism are virtually eliminated, productivity is increased, employee morale is improved, and management options are increased.

Flexible scheduling has been tested in the public sector, too. Data recently released by the Social Security Administration show that under a flexible scheduling experiment the average amount of leave without pay declined from 19 hours to 8.5 hours and that median productivity per clerk rose in one office by more than 11 percent and in another location by nearly 40 percent. Employee morale also improved—67 percent of the employees said that they liked their work better even though the work itself did not change, 82 percent of employees with children said that flexible scheduling made it easier for them to work and 63 percent said that it was easier to get to and from work. After examining flexible scheduling, the Comptroller General reported:

The Congress should favorably consider legislative proposals that accommodate the information and recommendations in this report.

Let me also bring to your attention, Mr. Speaker, the fact that flexible scheduling offers the possibility of making available to the Federal service the talents and skills of persons unable to work traditional hours. It provides a more humane work setting while at the same time it virtually eliminates tardiness and absenteeism. Flexible schedules have been used successfully in the private sector and it is time to initiate an experimental program to see whether flexible scheduling is appropriate in the Federal civil service.

The text of the bill follows:

H.R. 5451

A bill to allow Federal employees to participate in a flexible work scheduling program which, for an initial period, shall be established on a temporary basis, and thereafter, subject to Congressional disapproval, on a permanent basis.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

SHORT TITLE

SECTION 1. This Act may be cited as the "Flexible Hours Act."

FLEXIBLE SCHEDULING PROGRAM

SEC. 2. (a) Chapter 61 of title 5, United States Code, relating to hours of work, is amended by inserting after section 6101 the following new section:

§ 6102. Flexible scheduling

"(a) For the purpose of this section—  
(1) 'agency' has the meaning given it by section 5541 of this title;

"(2) 'employee' has the meaning given it by the first sentence of section 6101(b) of this title; and

"(3) 'flexible scheduling program' means a program established by an agency under regulations prescribed by the Civil Service Commission and under which an employee who elects to participate has—

"(A) the option to select, with respect to such employee's basic workday, the time of such employee's arrival and departure, and the time and duration of any workbreaks, so long as the basic nonovertime workday does not exceed 8 hours;

"(B) the option to select a variable number of hours of employment for days during

a calendar week, so long as the basic nonovertime workweek does not exceed 40 hours; "C) the option to select a variable number of hours of employment for days falling within a period of 4 calendar weeks, so long as the basic nonovertime employment for such period does not exceed 160 hours; or

"(D) a combination of the options set forth in subparagraphs (A), (B), and (C) (without regard to the limitation of hours in subparagraphs (A) and (B)); except that the selection by the employee under any option set forth in subparagraphs (A) through (D) shall be from within a range of possible alternatives which the agency shall prescribe and that no sanctions or penalties shall be applied to employees who do not elect to participate.

"(b) (1) In the interests of attaining greater employee efficiency and providing recognition of each employee's particular needs and nonwork-related time demands, it is the policy of the Government of the United States that employees be allowed flexibility in the scheduling of their work hours to the extent consistent with the fulfillment of the duties and requirements of their positions.

"(2) For the purpose of this section, each agency may establish a flexible scheduling program, to be available for such positions as it deems appropriate. Under any such program, an employee in a position for which such program is available may elect to participate (and may terminate such election) at such time and in such manner as the agency may prescribe.

"(3) No program established under paragraph (2) of this subsection shall apply to any position occupied by an employee with respect to whom there is in effect a collective bargaining agreement which establishes hours of employment.

"(c) Premium pay shall be paid by the agency to an employee under a flexible scheduling program in accordance with regulations which the Civil Service Commission shall prescribe. Such regulations shall provide for payment of premium pay under circumstances similar to circumstances for which such premium pay is provided under subchapter V of chapter 55 of this title, or under section 7 of the Fair Labor Standards Act of 1938 as amended (29 U.S.C. 207), as the case may be.

"(d) The Commission shall prescribe such regulations (in addition to regulations otherwise required to be prescribed under this section) as may be necessary to carry out the purpose of this section."

"(b) (1) Section 6101(a)(1) of title 5, United States Code, relating to the definition of employee for purposes of the basic 8-hour workday and the basic 40-hour workweek, is amended by adding at the end thereof the following new sentence: "Such term does not include any employee occupying a position which is under a flexible scheduling program established under section 6102 of this title."

"(2) Section 5541(2) of title 5, United States Code, relating to definition of employee for purposes of computation of premium pay, is amended—

"(A) by striking out "or" at the end of clause (xii) and by striking out the period at the end of clause (xiii) and inserting in lieu thereof ";" or", and

"(B) by adding at the end thereof the following new clause:

"(xiv) an employee occupying a position which is under a flexible scheduling program established under section 6102 of this title."

"(3) Section 13 of the Fair Labor Standards Act of 1938 as amended (29 U.S.C. 213), relating to exemptions, is amended by adding at the end thereof the following new subsection:

"(i) The provisions of section 7 shall not apply to any employee employed by the Government of the United States during a period in which the position such employee

occupies is subject to a flexible scheduling program established under section 6102 of title 5, United States Code."

EXPERIMENTAL PROGRAMS IN FLEXIBLE SCHEDULING

SEC. 3. (a) For purposes of this section and sections 4 and 5, "agency", "employee", and "flexible scheduling program" shall have the meanings given them by section 6102 of title 5, United States Code (as amended by section 2 of this Act).

(b) Within 180 days after the date of the enactment of this Act, each agency shall establish under section 6102 of title 5, United States Code, a flexible scheduling program on an experimental basis. Such program shall cover a sufficient number of positions throughout the agency, and provide a sufficient range of worktime alternatives, as to provide a fair and representative basis on which to evaluate the effectiveness and desirability of permanently maintaining such a program within the agency.

(c) The Civil Service Commission shall provide to each agency educational material, and technical aids and assistance relating to flexible scheduling, for use by the agency before and during the period such agency is conducting its program on an experimental basis under subsection (b).

REPORTS

SEC. 4. (a) The Civil Service Commission shall, as soon as practicable but not later than 60 days after the date of the enactment of this Act, submit to each House of the Congress a draft of any technical and conforming amendments which are necessary to reflect the changes in the substantive provisions of law made by this Act.

(b) Within 18 months following the commencement of an agency's flexible scheduling program pursuant to section 3, such agency shall submit to the Civil Service Commission such information as the Commission deems necessary to evaluate the first 12 months of such program.

(c) Not later than 24 months following the date of the enactment of this Act, the Civil Service Commission shall prepare and transmit, based on its own studies and evaluations and on information obtained under subsection (b) of this section, a report to each House of the Congress regarding the flexible scheduling programs and experimental programs conducted under section 3, together with the Commission's recommendations regarding the desirability of retaining such programs on a permanent basis.

EFFECTIVE DATE; TERMINATION UPON CONGRESSIONAL DISAPPROVAL

SEC. 5. (a) For purposes of this section, "Congressional review period" means the period which begins immediately after the date the report from the Civil Service Commission required by section 4(c) is transmitted to both Houses of the Congress and which ends at the close of the 30th calendar day of continuous session of Congress. The continuity of a session shall be considered broken only by an adjournment of the Congress sine die, and the days on which either House is not in session because of an adjournment of more than 3 days to a day certain are to be excluded in the computation of such 30 days.

(b) Except as provided under subsection (c)—

(1) the amendments made by section 2 shall take effect beginning 120 days after the date of the enactment of this Act.

(2) section 3(b) shall be effective only during the period beginning 120 days after the date of the enactment of this Act and ending 30 days after the close of the Congressional review period, and

(3) the provisions of this Act (except as provided under paragraphs (1) and (2)) shall take effect on the date of the enactment of this Act.

(c) If during the Congressional review period, either House of the Congress passes a resolution disapproving flexible scheduling

programs as established under section 3, the amendments made by section 2 are hereby repealed effective 30 days after the close of such Congressional review period.

**A BILL TO AFFORD MILITARY OFFICERS THE OPPORTUNITY TO STUDY LAW**

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Illinois (Mrs. COLLINS) is recognized for 5 minutes.

Mrs. COLLINS of Illinois. Mr. Speaker, yesterday I introduced a bill (H.R. 5402) that will afford military officers an opportunity to study law.

It directs the Secretaries of the military departments to reestablish an excess leave program for the study of law that was in existence until November 16, 1973, when Public Law 93-155 was enacted. Under that program, officers who had accumulated excess leave were allowed to attend law school at their own expense, if they agreed to serve in the Judge Advocate General's Corps after completion of their studies. To be eligible for this program, an applicant had to have served as an officer for at least 2, but less than 6 years.

In 1973, however, Public Law 93-155, section 817, established a new program whereby a maximum of 25 officers from each branch of the service are chosen to attend law school at the expense of the Department of Defense. In return, each officer agrees to be detailed as a judge advocate or law specialist after completing his legal training. To be eligible for this program, an officer must have served on active duty at least 2, but no more than 6 years.

Unfortunately, the slight change in wording of Public Law 93-155 denied certain officers the opportunity to study law while in the service. The excess leave requirement was for service as an officer for more than 2, but less than 6 years; the present program requirement is for active service for that amount of time.

At the time that the excess leave program was terminated in favor of Public Law 93-155, anyone who had been in the service for at least 6 years, but had been an officer for less than 2 years was deprived of the opportunity to study law at his own expense. However, many of these officers were also ineligible to apply for the new program, because they had been in active duty for more than 6 years.

The legislation I have introduced would allow only those officers who were caught in limbo by the change in programs and language to be eligible for the excess leave program. This would not cost the Government anything, because it would allow officers to study law at their own expense. The text of this bill, which I hope my colleagues will support, follows:

**H.R. 5402**

A bill to require the Secretaries of the military departments to reestablish the excess leave programs for legal study for certain commissioned officers

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of each military department shall reestablish the excess leave program for legal study which was in effect, before the effective date of section 2004 of title 10, United*

States Code, for commissioned officers of the Armed Forces under the jurisdiction of the Secretary.

**Sec. 2.** Each excess leave program for legal study required to be reestablished shall be open only to eligible commissioned officers and shall expire upon completion of legal study by those eligible commissioned officers who are selected to participate in the program.

**Sec. 3.** For purposes of this Act, the term "eligible commissioner officer" means any commissioned officer of any armed force who—

(1) on the effective date of section 2004 of title 10, United States Code, had completed less than 2 years of continuous service as a commissioned officer, and would have been eligible within the two years following the effective date of section 2004 of title 10 for selection as a participant in the excess leave program for legal study in effect for that armed force before such date; and

(2) is ineligible for detail under such section 2004 by reason of subsection (b)(1) thereof.

**A TRIBUTE TO DOROTHY BLAKE, A SENIOR CITIZEN WHO REFUSES TO ACT HER AGE**

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Hawaii (Mr. MATSUNAGA) is recognized for 15 minutes.

Mr. MATSUNAGA. Mr. Speaker, it was with a keen sense of pride and privilege that I entered, in this session of Congress, upon my duties as a member of the newly created House Select Committee on Aging, and as chairman of its Subcommittee on Federal, State and Community Services. In recent years, the problems of senior citizens have increased in number and grown in complexity. The establishment in the House of Representatives of a select committee to consider these problems demonstrates a recognition on the part of this body of the importance of protecting and advancing the best interests of this growing segment of our society.

However, Mr. Speaker, my purpose in speaking on the floor at this time is not merely to laud the progressive legislative philosophy of the House. I would like, in addition, to call the attention of my colleagues to one of my constituents who fits the description of "senior citizen" in every sense of the term except one:

She refuses to act her age.

Like a college senior at commencement, my constituent and good friend, Mrs. Dorothy Blake, a grandmother, regarded the time of her retirement as the beginning of a new life—a period when she could devote her entire time and energies to community welfare work. Since her retirement as director of the occupational therapy department of a multi-service State hospital in Honolulu, Hawaii, Mrs. Blake, displaying a prodigious amount of love, concern, goodwill, and energy, embarked upon an inspiring program of community service. Time does not permit me to mention other than her major noncompensated activities which have reached the underprivileged, the severely handicapped, and the aged.

On Mondays and Thursdays she volunteers her talents and skills as an occupational therapist at the Kalihi-Palama Day Hospital program;

On Tuesdays and Wednesdays she continues to do volunteer work at Maluhia Hospital, where she had been employed for 37 years before retiring.

On Fridays she can be found at the Hale Ho'ola'i Day Center for Senior Citizens, where she provides, in addition to occupational therapy assistance, companionship and guidance to senior citizens.

Whoever said that the workweek consists of 5 days, Monday through Friday, apparently had not heard of Mrs. Blake's community service program. In addition to her regular daily schedule, Mrs. Blake also finds time for such organizations as Honolulu Theater for Youth, Honolulu Community Theater, St. Andrews Episcopal Church, Red Cross, Altrusa Club, and Maluhia Hospital Women's Auxiliary.

I first met Dorothy about 30 years ago when we performed together in Johnny Kneubel's "The City Is Haunted," under the auspices of the Honolulu Community Theater. She has not slowed down one bit since then. She is truly an amazing human being.

Dorothy Blake will be honored at a banquet to be held on March 28, 1975, by the Pearl Harbor Sertoma Club, which will present her with a "Service to Mankind" award. I am speaking in advance of the occasion, which I plan to attend, because in my newly assigned duties on the House Select Committee on Aging, I find that Mrs. Blake's complete involvement in the service of others—after retirement—is a continuing source of inspiration for me.

Having told Mrs. Blake's story, I sincerely hope that my colleagues and others will derive the same inspiration from her example.

**THE AMERICAN PEOPLE SPEAK OUT ON THE SUPREME COURT'S ABORTION DECISION**

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Minnesota (Mr. OBERSTAR) is recognized for 5 minutes.

Mr. OBERSTAR. Mr. Speaker, a recent survey done by a highly respected, independent polling organization reveals that nearly three out of four Americans believe Congress should take action to correct the situation created by the Supreme Court decision legalizing abortion on January 22, 1973. Only one out of four thinks Congress should do nothing and let the Supreme Court decision stand.

De Vries and Associates of Wrightsville Beach, N.C., designed a randomly drawn national probability sample of 4,067 to produce an approximation of the non-institutionalized, adult population of the United States. This large sample size allows a valid reading for subsamples of different demographic groups and geographical areas.

To draw the sample, the United States was broken down into seven geographical regions. Each region was proportioned a specific number of interviews based on the general adult population. In order to have a highly accurate analytical reading for all areas, New England and the West North Central States were oversampled. Due to the skewness which

would result in the overall data from this oversampling, weights were computed to bring areas back into their proper proportion. The size of the weighted sample is 4,004.

Interviews were then proportioned to each State was the county. According to area's total. Representative States were chosen on the basis of selected variables for those States that had too few interviews proportioned to them by population for a valid analysis.

The primary sampling unit within each State was the country. According to the size of the State, a sufficient number of counties were randomly selected with the probability of selection equal to size.

Urbanized areas were sampled by a

systematic process using a sampling traction which, with a random starting point, would determine a sampling block at a specific interval. In rural areas for which population data are not available, small townships were randomly chosen. At each sample point, interviews were grouped in clusters of five interviews. This resulted in 725 sample point sites across the country.

The survey was administered in the respondents' homes from November 18 through December 3, 1974, by trained, professional interviewers across the country. The interviewers were supervised and the interviews were verified by Cambridge Survey Research. Interviews averaged 45 minutes in length.

Computer programming and processing of the data were performed by Computer Research Analysts of Chapel Hill.

The results of the survey follow:

**Vote on CONGRESSIONAL POLICY ALTERNATIVES**

The respondents were asked which course of action on abortion policy they might support if they were the U.S. Congressmen from their area.

"The United States Supreme Court recently ruled that all of the states' abortion laws are unconstitutional. For practical purposes, this ruling has made abortion available to a woman on request throughout her pregnancy. The United States Congress is considering four possible courses of action in this matter. If you were the Congressman from this area, which of these alternatives would you vote for?"

Policy alternatives	Total	Region								Religion			Race			
		NE.	MA.	ENC.	WNC.	S.	W.	P.	C.	P.	J.	W.	B.	S.	Female	
1—Congress should overrule the Supreme Court and make all abortions illegal.	7.1	8.9	7.6	7.5	5.8	8.8	5.2	4.5	10.9	5.9	0.9	6.7	10.1	9.4	8.1	
2—Congress should overrule the Supreme Court and provide that abortion is illegal except when necessary to save the life of the mother...	25.7	16.5	18.8	29.2	35.7	28.2	30.2	21.1	24.7	28.8	6.1	25.2	29.6	26.4	26.6	
3—Congress should do nothing and let the Supreme Court decision stand...	25.1	40.1	31.7	19.0	17.8	22.3	19.9	31.6	21.1	21.8	63.1	25.6	21.8	23.1	22.4	
4—Congress should overrule the Supreme Court by restoring to each State the right to permit or prohibit abortion...	22.9	19.9	22.7	21.8	22.1	23.4	22.3	26.3	20.1	24.7	22.9	23.9	17.8	17.7	23.1	
5—Congress should overrule the Supreme Court and provide that abortion is illegal except in specific cases as determined by law...	16.6	12.1	16.2	20.4	16.9	14.7	19.9	14.5	20.6	16.5	4.0	16.3	17.8	22.0	17.4	
Not sure...	2.6	2.5	3.0	2.1	1.7	2.6	2.5	2.0	2.6	2.3	3.0	2.3	2.8	1.4	2.4	

**Key:** Regions: Northeast (Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut); Middle Atlantic (New York, Pennsylvania, New Jersey); East north-central (Michigan, Ohio, Indiana, Illinois, Wisconsin); West north-central (North Dakota, Minnesota, South Dakota, Nebraska, Iowa, Kansas, Missouri); South (West Virginia, Delaware, Maryland, Kentucky, Tennessee,

see, North Carolina, Arkansas, South Carolina, Mississippi, Alabama, Georgia, Louisiana, Florida); West (Montana, Idaho, Wyoming, Nevada, Utah, Colorado, Arizona, New Mexico, Texas, Oklahoma); Pacific (Washington, Oregon, California). Religion: Catholic, Protestant, Jewish. Race: White, black, Spanish.

**HAYM SALOMON REVOLUTIONARY PATRIOT**

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. DANIELSON) is recognized for 10 minutes.

Mr. DANIELSON. Mr. Speaker, today is the first day of issue by the U.S. Postal Service of a commemorative stamp to honor Haym Salomon, a great patriot of the American Revolution. Enscribed "Haym Salomon—Financial Hero," the stamp is one of four issued as a series to honor "Contributor to the Cause" and to commemorate the initial role they played in our American Revolution.

The stamp further commemorates the Bicentennial program for Haym Salomon, which was conducted by the Los Angeles District Council of the Jewish War Veterans of the United States on Sunday, January 26, 1975. The fine work of that Council, its auxiliary, and its friends has resulted in this recognition of Haym Salomon's magnificent work in furtherance of the American Revolution.

Haym Salomon, merchant, banker, and Revolutionary War financier, was born in Poland of Jewish-Portuguese parents in 1740. An advocate of Polish independence, he fled to England in 1771 and then to America, where he opened a brokerage office in New York.

He was in New York only a few months before he joined the Sons of Liberty, a group of revolutionary patriots, and was twice arrested and imprisoned by the British. Later, in Philadelphia, Salomon became financial agent in America for the French Government and was one of the leading dealers in bills of exchange

and other securities. As a large depositor in Robert Morris' Bank of North America, Salomon contributed to maintaining the new government's credit. When Morris was appointed Superintendent of Finance, he turned to Salomon for help in raising the money needed to carry on the war and later to save the emerging nation from financial collapse. Salomon advanced direct loans to the government and also gave generously of his own resources to pay the salaries of government officials and army officers. With frequent entries of "I sent for Haym Salomon," Morris' diary for the years 1781-84 records some 75 transactions between the two men.

After the war, Salomon was almost penniless and died in 1785 before he could rebuild his business. Salomon, Morris and George Washington are the subjects of Lorado Taft's "Great Triumvirate of Patriots" monument in Chicago.

As we approach our Nation's Bicentennial, it is most appropriate that we pause to pay our respect to those who made freedom in America possible. We are greatly indebted to the band of American revolutionaries who broke the bonds of oppression and tyranny and secured the fortune of freedom to our people. It was an act of total dedication when the Signers of the Declaration of Independence, on July 4, 1776, adopted Thomas Jefferson's immortal words:

And for the support of this Declaration, with a firm Reliance on the Protection of divine Providence, we mutually pledge to each other our Lives, our Fortunes, and our sacred Honor.

This mutual pledge of dedication marked the dawn of free government for

people in America and throughout the world. The thousands of patriots who joined the Signers also pledged their lives, their fortunes and their sacred honor. The great patriot whom we honor today, Haym Salomon, is one of these, for as he too accepted this pledge, he also carried the lead to insure the funds essential to the success of our American Revolution. He, too, pledged his life, his fortune, and his sacred honor.

**FEDERAL LAND BANK LEGISLATION**

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ROSTENKOWSKI) is recognized for 5 minutes.

Mr. ROSTENKOWSKI. Mr. Speaker, I have today introduced legislation which would eliminate the competitive disadvantage suffered by commercial banks because of the tax-exempt status of the Federal Land Bank systems. I have been joined in the introducing of this bill by Congressman JAMES BURKE, Congressman JAMES CORMAN, Congressman BILL FRENZEL, Congressman WILLIAM GREEN and Congressman CHARLES VANIK. My bill would repeal the tax-exempt status of the privately owned Federal Land Banks and associations, and Federal Intermediate Credit Banks.

The Federal Land Bank system consists of 12 district banks, approximately 570 associations and over 400,000 farmer-borrowers, who own the associations. All Federal funds have been retired from this system since 1947.

The Federal Intermediate Credit Bank system consists of 12 district banks, approximately 435 productive credit associations and nearly 520,000 member stockholders. All Federal funds have been retired from the system since 1968. Both systems are under the supervision of the Farm Credit Administration. In short, they are federally chartered, privately owned lending institutions with no Federal tax liability.

This is an unjustified tax preference which should be rectified. The purpose of this legislation is to place these institutions on a comparable tax status with similarly situated financial institutions.

Hearings on similar legislation were held during the last Congress when the House Ways and Means Committee considered tax reform legislation.

The Treasury Department supports the repeal of this tax exemption on two grounds:

First. The Federal land banks and associations and the Federal intermediate credit banks are privately owned. These financial institutions are self-sustaining; and

Second. They are in competition with commercial banks and have established themselves as a substantial force in the farm credit market.

Today, the farm credit system has a total of \$21 billion in assets and is second only to the Treasury Department in borrowing in the open market. In 1973, these institutions borrowed a total of some \$16 billion.

Repeal of this tax-exempt status would bring in additional revenue to the Treasury of between \$12 and \$18 million annually.

In a letter dated November 21, 1973, addressed to the chairman of the House Ways and Means Committee, Secretary Shultz of the Treasury Department expressed the view that since these institutions are privately owned, are in competition with commercial banks and have established themselves as a substantial force in the farm credit market, their tax-exempt status should be removed.

Last year, in the report of the Committee on Ways and Means concerning the Energy Tax Relief Act of 1974, the committee cited this problem for further study saying:

The Federal land banks and associations are now entirely in the private economy, but nevertheless, to some extent, retain exemptions from income tax. The committee has instructed the staff to study and report to the committee next year on the desirability of removing this tax-exempt treatment.

#### H.R. 4222

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. MOAKLEY) is recognized for 5 minutes.

Mr. MOAKLEY. Mr. Speaker, I wish to commend the distinguished chairman of the Committee on Education and Labor and the House leadership for their statesmanlike decision to postpone further consideration of the bill, H.R. 4222, the National School Lunch and Child Nutrition Act amendments of 1975.

We have seen today how a dedicated

effort to meet the needs of American schoolchildren can be seriously damaged by attempting to deal with so important an issue under the enormous pressure of an impending recess.

I would hope that we shall be able to do justice to this program by dealing with it in a more thoughtful and orderly atmosphere.

While I had some reservations, I would have been willing to support the original committee amendment in the nature of a substitute. But in an effort to overcome the objections of others, the committee made changes in the bill which opened a loophole through which the schoolchildren of Boston could be hurt.

For this reason, I am unable to support the amendment of the gentleman from Michigan. By setting a 35-cent ceiling, which is the charge made by Boston schools, we would be establishing—at least in Boston—an accounting function that could simply shuffle money between Federal, State, and local governments. But it might do nothing for the children of my district.

I opposed the amendment offered by the gentleman from Pennsylvania (Mr. GOODLING) because it went even further in turning us back from the direction in which the committee originally moved. This amendment would have removed the 35-cent ceiling. The Boston School Committee estimates that the original proposal to lower the price of lunches from 35 cents to 25 cents would have offered 8,000 more Boston children a nutritious balanced meal. If this amendment had passed, the Boston School Committee could have been forced to raise prices above 35 cents, depriving these 8,000, and perhaps thousands more, of adequate nutrition.

I sincerely hope that when we resume consideration of this measure, we can deal with this subject in a reasonable and orderly way. This is too important a program to be treated with anything but the utmost care and deliberation.

When I voted that the committee rise, I did so as an affirmation of faith in the wisdom and good judgment of the Committee on Education and Labor and the distinguished Chairman (Mr. PERKINS).

I urge them to take this extra time to review the discussion of the past 2 days and, based on their own well demonstrated concern for America's children, to offer the House some alternatives to the amendment before us today.

#### THE NATIONAL HOME HEALTH CARE ACT OF 1975

(Mr. KOCH asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, together with 18 additional cosponsors, I am today reintroducing H.R. 4772 and H.R. 4774, the National Home Health Care Act of 1975. Seventy-five House Members to date have sponsored this legislation—list attached below. In addition, the bill has been introduced in the Senate under the bipartisan sponsorship of FRANK MOSS and FRANK CHURCH, respective chairmen of the Senate Subcommittee on Long

Term Care and Committee on Aging, HUGH SCOTT, Senate minority leader, and Senators WILLIAMS, DOMENICI, and TUNNEY.

I have introduced two versions of the bill. The only difference between them is that section 7 of H.R. 4772, requiring a small contribution by adult children toward their parent's care, is omitted in H.R. 4774. I have offered the two versions to provide Members a choice on this issue, which is the only controversial provision in the bill. Two-thirds of the House sponsors are on both bills; the version chosen by Senators MOSS, CHURCH, and others omits the support provision.

Both H.R. 4772 and H.R. 4774 provide home health care under medicare and medicaid, including unlimited visits by a doctor or nurse based on need rather than current artificial restrictions, supportive services of transportation to doctors' offices and senior centers, assistance in homemaking services, shopping, and outdoor walking, and partial rent or mortgage subsidies. According to GAO, the Senate Special Committee on Aging, and all other studies I have seen, to provide such part-time services at home is far cheaper per patient for the Government than is institutionalization. At the same time, this would provide a more productive, longer, and more pleasurable life for those elderly and disabled who would like to live at home and are capable of doing so, but are prevented from doing so because of the lack of supportive services. An HEW report, confirmed by Library of Congress figures, points out that 14 to 24 percent of the Nation's 1,070,000 current nursing home patients fall into this category.

While this legislation could be included in any comprehensive health insurance bill, it stands on its own if no health package is enacted. There is a need for nursing homes for those incapable of remaining in their own homes even with the supportive services provided by this legislation, but those persons who can remain at home with the necessary supportive services and thereby afforded longer, more productive lives should be given that opportunity.

We must provide our elderly and disabled the privacy, dignity, and peace of mind to which they are entitled—in their own homes, when they do not need the broad range of services that should be available in a properly run nursing home.

I hope the broad congressional support already evident will grow and that early hearings will be held on this legislation so badly needed by our Nation's elderly and disabled citizens.

I am appending with this statement a list of the current co-sponsors of the National Home Health Care Act of 1975:

#### SPONSORS

House and Senate sponsors of the National Home Health Care Act of 1975 as of March 25, 1975.

#### HOUSE SPONSORS

Edward Koch, Bella Abzug, Joseph Addabbo, Glenn Anderson, Les Aspin, Herman Badillo, Alvin Baldus, Robin Beard, Bob Bergland, William Brodhead, George Brown, Charles Carney, Bob Carr, Shirley Chisholm.

William Cohen, John Conyers, James Corman, Robert Cornell, Dominick Daniels,

Charles Diggs, Tom Downey, Robert Edgar, Don Edwards, Joshua Elberg, Dante Fascell, Harold Ford, William Ford, Donald Fraser.

Ben Gilman, James Hanley, Mark Hanna-  
ford, Tom Harkins, Mike Harrington, Augustus Hawkins, Ken Hechler, Henry Heistoski, Floyd Hicks, Elizabeth Holtzman, William Hughes, James Jeffords, John Jenrette, John LaFalce.

William Lehman, Norman Lent, Marilyn Lloyd, Matthew McHugh, Abner Mikva, George Miller, Parren Mitchell, Donald Mitchell, Ronald Mottl, Morgan Murphy, Robert Nix, Ned Pattison, Richard Ottinger, Otis Pike.

Peter Peyster, Charles Rangel, Fred Rich-  
mond, Robert Roe, Ben Rosenthal, Edward Roybal, Jim Santini, Paul Sarbanes, Pat Schroeder, John Seiberling, Stephen Solarz, Gladys Spellman, Pete Stark, Fernand St Germain, Gerry Studds, Bob Traxler, Henry Waxman, Antonio Won Pat, Sidney Yates.

**SENATE SPONSORS**

Frank Moss, Frank Church, Hugh Scott, Harrison Williams, Pete Domenici, John Tunney.

**ON THE REINTRODUCTION OF H.R. 166 AND BARRING DISCRIMINA-  
TION ON THE BASIS OF AFFEC-  
TIONAL OR SEXUAL PREFERENCE**

(Mr. KOCH asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, in April 1974 I wrote to the Office for Civil Rights of the Department of Health, Education, and Welfare requesting that office to accept complaints which alleged discrimination because of an individual's sexual preference. I was advised by Peter H. Holmes, Director of the Office for Civil Rights—

The Office for Civil Rights is aware that individuals are frequently denied educational and employment opportunities on the basis of their status as homosexuals.

It is simply inequitable, indeed immoral, that in this day and age there is no Federal law prohibiting discrimination against individuals on the basis of affectional or sexual preferences. I am proud to be one of the initiating sponsors of H.R. 166 which will end such discrimination in the areas of public facilities, public education, housing, employment, and other federally assisted opportunities. The Prime Minister of Canada, Pierre Trudeau, summed up this matter a long time ago when he said,

The state has no business in the bedrooms of this nation.

Our own Thomas Jefferson said long before—

Equal and exact justice to all men [and I would add "and women"] of whatever state and persuasion.

Both of these statements are as relevant and persuasive today as they were when first uttered.

Cosponsors of the bill are:

**COSPONSORS**

Bella Abzug, Herman Badillo, Jonathan Bingham, George Brown, John Burton, Shirley Chisholm, Ronald Dellums, Walter Fauntroy, Donald Fraser, Michael Harrington, Elizabeth Holtzman, Ed Koch.

Paul McCloskey Jr., Norman Mineta, Parren Mitchell, Robert Nix, Charles Rangel, Fred Richmond, Benjamin Rosenthal, Patricia Schroeder, Stephen Solarz, Fortney Stark, Gerry Studds, and Henry Waxman.

**URGING IMPOSITION OF MANDATORY PENALTIES ON CRIMINALS WHO ROB WITH GUNS**

(Mr. ROBERTS asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. ROBERTS. Mr. Speaker, the Honorable JOHN DINGELL of Michigan recently testified before the House Subcommittee on Crime, urging the subcommittee to impose mandatory penalties on the criminal who robs with a gun, rather than more gun laws. I heartily agree with Congressman DINGELL. We do not need to take away the guns, we need to put away the criminals. So that I might share Congressman DINGELL's comments with my colleagues, I am placing his testimony in the RECORD at this point:

**STATEMENT OF HON. JOHN D. DINGELL**

Mr. Chairman and distinguished members of the Subcommittee, I am grateful to you for giving me an opportunity to speak here today on the subject of gun legislation. Rather than speaking about any particular bill, I would like to comment, in a general way, on what Chairman Conyers, in his opening statement of February 18, indicated the Subcommittee is trying to do, and talk about a few of the ideas being offered by some of my colleagues as ways to achieve those objectives.

You have before you more than 20 bills, varying widely in approach and philosophy. According to the Chairman, the main purpose of most of these bills is to keep firearms out of the hands of criminals and irresponsible individuals.

What troubles me is that many of these bills seek to address what Chairman Conyers accurately called "the nation's escalating crime rate" by what I regard as totally misdirected means: by inhibiting, suppressing, or even revoking the ownership of firearms by ordinary, law-abiding, wage-earning, tax-paying American citizens who have committed no crime, and who have done nothing themselves to justify such an abridgement of their liberty.

What is even more ironic is that none of these bills has any realistic prospect of reducing crime. It's easy to make things tough for the law-abiding citizen who owns or wants to buy a firearm—but he's not the one causing the problem. Crime today is a national calamity because hold-up men, junkies, rapists and other violent criminals have taken over the streets of our major cities, turning their residents into frightened prisoners terrified to venture out beyond their doors, and insecure in their homes.

The vast preponderance of private firearms—statistically, 99 and some fraction percent—are owned by responsible people who will never use them in a crime. To me, the refusal of the most vocal advocates of anti-gun legislation to maintain a sense of proportion and fairness toward this vast majority of firearms-owning citizens does serious damage to our civil liberties tradition. I am deeply dismayed by the mad rush of people, who call themselves civil libertarians, to embrace the most oppressive measures against gun ownership as a badge of their liberal credo—measures these same people would soundly condemn in virtually any other context.

There is, I believe, something very much wrong—repugnant to our fundamental principles of due process and individual merit—in branding a man as a probable future criminal because he owns, or desires to own, a firearm. It is a grotesque idea to suggest that firearms owners are somehow collectively responsible for crime, and should be penalized for it by being forced to relinquish an important part of their liberty.

Why should I have to give up a handgun

I own? I have not murdered or robbed anyone, or used a handgun to commit a crime. If there is anything in my record that suggests that I personally should be disqualified from handgun ownership, let that be cited against me. But I want to be judged as an individual. Until some valid reason can be shown why I, personally, should be classified along with the criminal, leave me alone.

You are going to hear that again and again: "Leave me alone." Don't get the idea it's just the one million odd members of the National Rifle Association who feel that way. If that were the case, the proponents of harsh anti-gun measures would have had their way long ago. The fact is that there probably are 40 million firearms owners in the United States, of whom perhaps a third—let's say 13 million—also own handguns.

What has been castigated as a "gun lobby" is not a lobby at all in the traditional sense. Make no mistake about that: it is a sizable portion of the adult population cutting across all the recognized social, political, economic, geographic, racial, religious, and age lines.

I have seen frequent references to public opinion polls purporting to show that 75 percent of those responding favored "some form of gun control." Nothing could be more irrelevant. If I had been polled, I might have responded in the affirmative myself. Being in favor of gun control is like being in favor of taxation. We all agree government can't be run without money, but when it gets down to what is going to be taxed, how much, and who is going to have to pay it, that solid consensus disappears.

What is far more telling about the polls is the rather consistent response over the years—usually about 50 percent—who, even though they say they are in favor of more controls—do not think the additional laws will reduce crime at all.

I am coming increasingly to the belief that gun control is a legislative cop-out. It's away for the Congress to pretend it is doing something to fight crime, without actually having to face the hard truth that we can't any longer afford to indulge the permissive judicial and correctional attitudes toward criminals that have become so fashionable in recent years.

The courts and correctional authorities have taught a whole new generation of criminals that crime does pay. Or at least, if you are caught, nothing much will be done to you. You are slapped on the wrist and sent off to a counselor for rehabilitation.

The lack of any meaningful deterrent—punishment has become déclassé nowadays—has swollen the ranks of the criminal element. The real reason prisons are overcrowded is because easy crime attracts so many young people who are not even fazed by the revolving door sentences they are getting. We are catching more than ever before, and there isn't room for them all. And they are mostly repeaters.

Gentlemen: The public is getting sick and tired of robberies committed by holdup men out on bond, and felony murders committed by killers on probation, and convicted felons who are supposed to be locked up running around on so-called "furloughs." There are people who are wondering about the sanity of judges who sentence under the Youth Corrections Act 18 and 19 year old thugs who engage in shoot-outs with police and whose average stay at such Federal facilities will be about 18 months, when they have to be kicked out to make room for more.

A criminal who uses a gun, and the threat of instant death, to rob some innocent person is nothing less than an incipient killer. He falls into the same category as a rabid dog. He has demonstrated his unfitness to be free in society. If this Subcommittee is really interested in saving lives, it can start by imposing mandatory penalties on the criminal who robs with a gun. Put him away, and don't let him out . . . ever, if need be. You may save the life of the next person he

would threaten to kill, and it will serve as an example to all the others who now think of a holdup as a not-too-serious caper. And the only freedom to be diminished will be that belonging to someone who doesn't deserve it in the first place.

Those who seek more gun laws have been very carefully cultivating by incessant repetition a number of myths that ought to be challenged, and I would like to draw attention to several of the most popular.

The first is that the Gun Control Act of 1968 is weak and ineffective. That is not true. Virtually all of the so-called weaknesses in the Gun Control Act stem not from any deficiency in the statute, but from insufficient enforcement.

New York City officials constantly complain that handguns are being brought into the city from a few gunshops in several southern states. The cite that as evidence that new laws are needed. But it's already illegal. Making it illegal again won't do any good. What's needed is vigorous enforcement.

The Treasury Department last year issued a beautifully printed report showing this path of illegal guns into New York City. The southern gun shops have been identified. If they have figured that out, why don't they arrest the people responsible, and put a stop to it?

We also hear reports about out-of-state criminals buying firearms from licensed dealers by displaying phony identification. Again, there already is a very stiff penalty in the Gun Control Act of 1968, both for using false identification, and for buying a handgun outside your state of residence. Why aren't these laws being enforced, and why aren't dealers who do not pay proper attention to the validity of identification having their licenses lifted?

Another myth is that the "availability of guns causes crime." That too, is just not so. If it were, the world's highest crime rate would be in Switzerland, where every able-bodied male citizen keeps a machine gun in his home. Yet Switzerland has a lower homicide rate with guns, than Japan does without guns.

Incidentally, low homicide rates in Japan often are cited as evidence that gun controls "work." In fact, Japan's crime rates in virtually every type of offense, with or without guns, are uniformly low. The Japanese simply do not have as much crime of any kind, period. There is another difference, both in Japan and in Switzerland; when you commit a serious offense, they make you wish—for a long time—that you had not.

Chairman Conyers in his statement referred to 120 police officers who met their deaths "at the hands of a gun." Excuse me, but I have never been introduced to a gun that had hands. Nor to a gun that was, according to the statement, "responsible for deaths." Hands, and responsibility, belong to people, and what I find significant about the deaths of the policeman is not that two-thirds were killed with handguns, as opposed to long guns, but that two thirds were killed by previously convicted criminals.

We do not need to take away the guns; we need to put away the criminals.

I do not believe it is possible as a practical matter to keep guns away from criminals. It is sheer fantasy to think you can. Guns are like moonshine—they are not that complicated to make, and there is always somebody willing to supply the demand. Those who really want guns—as the IRA has demonstrated in Northern Ireland—will get all the guns they need, no matter how strict the laws are.

That brings to mind another fact about "handgun" control. Any fool who can push a hacksaw can make a handgun out of a shotgun or rifle in ten minutes, and there is no way to "regulate" that. The only way to eliminate handguns is to eliminate all guns, and it is foolish to make artificial distinctions.

The firearms owners recognize this perfectly well, and if you are wondering why shotgun owners oppose the banning of handguns, that is the reason—they know they will be next on the chopping block.

There is still another fallacy. Essentially, it is that the danger of having a gun in the house outweighs the protection that gun provides against intruders.

This idea was concocted from a few very carefully selected statistics comparing the number of robbers and burglars killed by householders with the number of fatal gun accidents in the home. Of course such a comparison is meaningless. It completely ignores countless cases in which crimes were averted, or a householder saved from possible injury without killing the intruder, and in some cases without ever firing a shot. It was enough that the citizen had a weapon and knew how to use it. Nor can such statistics measure the importance of the peace of mind of honest citizens who need not live in constant fear of intruders against whom they would otherwise be helpless. It has nothing to do with whether such an emergency ever actually arises. Just knowing you have the capability of defending yourself is vital. You can't over-estimate the value of that, and it is not reflected in statistics.

There are many who feel safer without a gun. That is their choice, and I would not quarrel with it. But whether I will be safer with or without a gun is a choice I would reserve for myself; it is offensive to me that the government should arbitrarily decide that I and millions of others no longer can be trusted with handguns.

Some of my constituents have asked me why I sponsored a Saturday Night Special Bill. In view of what I have said here, you might be wondering that too.

Let me start out by candidly acknowledging that all "Saturday Night Special" legislation contains a conceptual flaw—it is directed at a certain kind of gun, not at the criminal misuse of *any* kind of gun. I question whether that makes good sense. And, while I have no particular love for cheap, poorly-made handguns, I cannot believe that the only people who buy them are criminals; I am compelled instead to conclude that there is a market for Saturday Night Specials because some poorer people who want—and badly need—protection simply cannot afford anything better.

Nonetheless, it has been obvious to me that Congress feels compelled to do something—anything—about Saturday Night Specials because the press has made it an unavoidable issue. You will recall that in the past, one of the principal problems in drafting this type of legislation has been to define in legal language, exactly what a Saturday Night Special is.

Therefore, I formulated a bill to accurately distinguish cheap Saturday Night Specials from quality handguns, not because I am convinced that the former should be outlawed, but because I believe that if you are determined to have such a bill, this is the most sensible way to write it. And further, it gives the public some yardstick to judge whether other bills are really Saturday Night Special bills, or something else in disguise.

Many of my colleagues would prefer to meet the Saturday Night Special issue squarely, and precisely. Some have joined in cosponsoring my bill. There are others, however, who see Saturday Night Special legislation as a wonderful smokescreen for dragging into the SNS definition every handgun they can, with the idea of abolishing as many handguns as possible.

Accordingly, a number of bills introduced thus far would ban Saturday Night Specials on grounds that are not unique to that type of weapon at all. Concerned firearms owners are justified in strongly opposing such measures, and I would like to describe just a few of these concepts.

The first is the disingenuous notion that a Saturday night special is any handgun which is "easily concealable."

Concealment, of course, is a matter of degree. All handguns are concealable, some are just more concealable than others. What does "easily concealable" mean? In one's pocket? Pockets, like pistols, come in large as well as small sizes. If a gun with a two-inch barrel is concealable, three inches is almost as concealable, and four inches only slightly more difficult to conceal. "Dirty Harry" in the movies concealed a .44 magnum with an 8½ inch barrel under his coat. Who knows, somebody may call that a Saturday Night Special.

Small size is not unique to Saturday Night Specials; there are many high quality guns, including some used by police, that are not particularly big. That doesn't make them any less suitable for legitimate use.

For the same reason, a price tag criterion is objectionable. If a gun selling for less than \$25 is evil, how about one selling for \$26? Is that one "good"—or, as the anti-gun people will say after the hook's been swallowed—is it just a "little less evil?"

Nor do I believe the citizenry will be bamboozled into accepting "sporting purposes" as a limitation on legitimate ownership of firearms. If we took an informal poll in this room, I think we would find some people who own handguns, and they would probably concede that they have them partially, if not primarily, for defensive purposes. That is every bit as lawful, and legitimate, as any "sporting purpose" I can think of. And maybe more important, because it involves the traditional right of self-defense.

There is one last consideration. It would be the most grievous mistake imaginable to try to enact legislation that would force a citizen to surrender a Saturday Night Special (or any other firearm) which he otherwise lawfully possesses. Some of the bills before you would do just that, either directly by forbidding possession, or indirectly, by imposing ridiculous conditions on his continued ownership.

Such a law would set into motion a massive police effort directed not at the traditional criminal element, but at the citizenry in general. It would be aggravated by the fact that very few gun owners are gun experts—many of them honestly wouldn't know if their handgun was a Saturday Night Special or not. It can be predicted with certainty that there will be countless cases of unwitting, unintended, or just ignorant violations and that people who normally would never have a brush with the law will be arrested and prosecuted.

And if the police take the enforcement of such a confiscation law seriously, they can be expected to stage raids on the homes of people all across the nation suspected of possessing Saturday Night Specials. (As often as not, it will turn out to be some other kind of weapon.)

And for what? Don't we have enough criminals already? If a citizen has a Saturday Night Special in his home, and he is not bothering anybody, what difference does it make what kind of gun it is?

I can't think of any governmental activity more liable to turn citizens into spies against their neighbors, provoke bloodshed between citizens and the authorities and generally turn the country into a police state.

I would hope the Congress would have the good sense to say it is not worth it.

If you are going to go after Saturday Night Specials, you have to intercept them at the upper levels of distribution—at their points of manufacture and importation. There is not any other practical way to do it.

Let me conclude on this note. What I am suggesting to the Subcommittee, respectfully and very earnestly, is: don't get carried away with missionary zeal. Maintain a sense of proportion.

We probably would save more lives—and without violating anyone's rights—by reducing the highway speed limit nationally to 25 miles an hour. Of course everyone would think that was preposterous and any such law would be shouted or laughed down. Everybody wants to get where they are going quickly, and they pay the price of 50,000 lives a year. There could be some saving of life, as we found with the 55 mile an hour reduction. But the public is not willing to do it; it would rather accept the risk.

People do the same thing with alcohol, with cigarettes, and with other things. We deplore gun accidents, but in truth we could save far more lives with a cheaper and simpler expedient—by a prohibition on swimming. The fatality rate from drownings is four times greater than from firearms accidents.

But we won't ban swimming—and I don't believe we should. That is because it is a legitimate, popular activity that people value greatly, and they are willing to accept the inherent risk.

Gentlemen, the same is true for firearms ownership. The people whose guns you are talking about are prepared to accept the risk of having firearms in society, because on balance it is something they value greatly. More than that, they see little reason to sacrifice any more of their freedom so long as their lawmakers are unwilling to shift the weight squarely to the criminals who are primarily to blame.

#### ADDRESS BY ARTHUR J. DECIO ON THE ROLE OF MOBILE HOMES IN HOUSING AMERICA

(Mr. BRADEMAS asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. BRADEMAS. Mr. Speaker, mobile homes are playing an increasingly important role in providing housing for the American people.

I believe that Members of the House will read with considerable interest the following address on this subject given by Mr. Arthur J. Decio, Skyline Corp., Elkhart, Ind., at the 13th annual Portland, Oreg., Mobile Home Show on February 19, 1975.

Mr. Decio is one of the most thoughtful leaders in the mobile home industry. His remarks follow:

SPEECH GIVEN BEFORE THE 13TH ANNUAL PORTLAND MOBILE HOME SHOW, PORTLAND, OREG., FEBRUARY 19, 1975, BY ARTHUR J. DECI

As businesspeople, and as Americans, I congratulate you.

As businesspeople I congratulate you for taking a new and highly innovative shelter product from an obscure 60,000 coaches in 1947 to a very visible 567,000 mobile homes in 1973. More than that, over this twenty-seven year span you produced a total of 5,235,560 mobile homes. It hasn't been easy, but it has been great. Today your product has wider acceptance than ever before. Tomorrow holds bright promise of an even brighter future. I salute you and congratulate you on this extraordinary business accomplishment.

#### MOBILE HOUSING FOR 5.2 MILLION AMERICANS

As Americans I congratulate you for making dignified, decent, affordable homes available to 5.2 million families. Without your effort the American dream of home ownership would have been a nightmare. Each year from 1947 to 1974 mobile homes have

accounted for an ever greater percentage of low cost single family housing. In 1974 it ran as high as 86% of all single family housing under \$20,000. The record clearly shows that you responded well to America's call for affordable housing. I salute you and congratulate you for this extraordinary patriotic accomplishment.

Having congratulated you as businesspeople and as Americans I find it is urgent that I challenge you in these same capacities. As businesspeople I believe you are faced with a new opportunity. As Americans I believe you are faced with a new responsibility. Opportunity and responsibility are but different sides of the same coin, so let us treat them alike as I describe a new challenge for the mobile home industry. To keep our perspective throughout this presentation let us accept now the proposition that what is good for business is good for America, and that what is good for America is good business. There can be no other way.

#### A NATION OF HOME OWNERS SEEKS HOMES

In a sense the history of civilization is the chronicle of man's unending struggle for home ownership. In a special sense it is the story of America. Our country was peopled by the oppressed of Europe, Asia and Africa who hungered for freedom's birthright. They came to America ready to work and struggle, fight and die if necessary, for a place of their own. Chapter upon chapter of American history records the agony and the ecstasy of establishing settlements from the Atlantic seaboard across the Plains to the Pacific coast and your great Northwest.

It is a wonderfully stirring story of man's determination to be a freeholder. Finally with the 1970 census we see that America is truly a Nation of home owners. 63% of all families owning their own home. With some 39 million families having a vested interest in America it is little wonder that this is the greatest country in the world.

#### HOMES FOR FAMILIES HARD PRESSED TO AFFORD CONVENTIONAL HOUSES

But now in 1975 the American dream of home ownership is fast becoming the impossible dream. It is a paradox that in the richest Nation in the history of the world 60% of its families cannot afford a new conventionally built home. In March 1974 the median price of a stick built home was \$35,800. With mortgage money scarce lenders are asking 25% to 30% down plus 6 or more points. This means that to buy this median price home the buyer must come up with over \$11,000 in cash. Obviously, any continuation of this condition can destroy home ownership in America. I suggest to you as Americans we have a responsibility to preserve the American dream. I further suggest, that as businesspeople we have an unusual opportunity to serve.

#### CHALLENGE TO MOBILE HOME INDUSTRY—EXPAND VARIETY, APPLICATION

Now the challenge becomes clear. As businesspeople we have an opportunity, as Americans we have a responsibility to make home ownership available to that 60% of all families who make \$12,000 a year and still cannot afford a conventionally built home. We know that for the \$11,000 cash downpayment required for today's stick built house a man can own a mobile home outright, complete with furniture and appliances. It has been amply demonstrated that only the mobile home is the *affordable* shelter product. But its effectiveness has been limited to the rural and suburban markets. The challenge is to make the mobile home or variations of it a realistic alternative everywhere.

#### ALTERNATIVE TO SUBSIDIZED HOUSING

Incidentally, the challenge could be ignored by leaving the opportunity and responsibility to government subsidized hous-

ing programs. But that cannot be done in good conscience. Not when a recent HUD study points out that the total government cost of such programs in 1972 was \$2.5 billion, and concludes that "the costs of the accomplishments are greater than the benefits, including the observable benefits to society." So we cannot side step the challenge. All the facts put the ball squarely in our court. We must address ourselves to it.

#### MOVEMENT TO SMALLER, STURDIER, MORE ENERGY EFFICIENT HOMES

But there is more to the challenge. Much more. I want to share with you an opportunity and a responsibility of such size that it boggles the mind. I want to share with you not only the magnitude of the challenge but the immediacy of it as well. If there were available in this concourse now a trumpet fanfare and a roll of drums, I would order it. I would order it to command your attention for I have something important to say. And this is it. *The American life style has changed and it will never be the same again.* Let me repeat it. *The American life style has changed and it will never be the same again.* The change occurred yesterday. The cause of the change is the energy crisis. The direction of the change is toward a simpler life at a substantially greater cost. The pivot points of change will be transportation and shelter. The cost impact of the energy crisis in these areas will substantially effect everything else, most notably food, clothing and leisure time. (And this without regard to what happens to inflation and the recession) More specifically in the shelter area the direction of change will be toward minimum involvement in housing. That means a modestly priced, more basic structure with less square footage, better built and better insulated, easier to maintain and less costly to heat and cool.

Clearly I have described a mobile home or a variation of it. Think about it for a moment. A high flying era, complete with a shameful waste of most everything, has ended never to return again. A new era has dawned with vastly different emphasis and demands. Your kind of world mobile home manufacturers, dealers, park operators and suppliers; as businesspeople, are you equal to the opportunity? As Americans, are you equal to the responsibility? I say yes. I hope you say yes;

It would be wrong to conclude that because I have bird dogged the challenge that I have all the answers. No such thing. I do have some suggestions relative to the subject that I would like to review with you. Having done that I hope then to have your input which I fully expect to be better than mine. Once we have between us agreed on a course of action I shall be very glad to join with you in its execution. In this spirit then, allow me to make some suggestions.

#### REKINDLE AMERICAN PRODUCTIVE SPIRIT

I believe that the first thing we have to do is *smile*. The dark cloud of housing's depression, surrounded by the twin confusion of recession and inflation, aggravated by an energy crisis, cannot rain on our parade. Not if we *smile*. You see, I firmly believe that people are the heart and soul of America. That this country of ours is strong or weak, in a state of boom or bust, depending upon the attitude of the American people. I believe that attitudes are contagious. And I'm a carrier. I'm smiling. And I want you to smile too. These are exciting times. It's great to be alive, to be an American, to be in the mobile home industry. Besides, I've never seen a man with a frown sell anything to anybody. So come on, *smile*.

I believe that the second thing we have to do is to start now to evidence a new responsibility throughout the industry. If we are going to capitalize on the opportunity, meet the responsibility that is properly ours,

we must continue to look for better materials, better design, better construction, better financing and better service after the sale to bring a changed and waiting world a better shelter product for better living.

CALL FOR NEW CYCLE OF MOBILE HOME INNOVATION

Thirdly, I suggest that we must as an industry be innovative, more accurately we must as an industry continue to be innovative. There isn't an industry in American business whose success can be more directly attributed to creativity. After all, selling housing as personal property has to be the biggest and most daring idea in the long history of shelter. But we can't stop with one stroke of genius. The second generation of managers in our industry must be as bold and yet as right as the first generation was in its day. At every level of the industry there must be a willingness to look at what we are doing and how we are doing it, and say "there must be a better way." Then we must calmly set about finding that way.

A SPECIAL OPPORTUNITY IN LOW INCOME HOUSING

As a fourth consideration, I suggest that we keep the big picture of the industry, its now and future role in the total housing market. With our profit proven factory building system and distribution channel, the proper view is to see ourselves as heir apparent to the vast low income housing opportunity. From this vantage point we can move as markets dictate. Let us be sure that we don't minimize our potential by a myopic view of our part in answering tomorrow's housing needs.

Finally, when an awareness of responsibility has put our house in order and our minds are settled as far as innovation and vision are concerned, then I suggest that it would be timely to throw the spotlight of a highly professional public relations program on the mobile home industry. A simple definition of public relations is getting credit for the good you do. Certainly the mobile home industry has done a lot of good and certainly it has never gotten credit for it. We must now act to change that. Manufacturers and suppliers should lead the effort through their national association, MHMA. Because such programs are costly, and since everyone benefits from the improvement of the industry image, every manufacturer and supplier should support the effort through MHMA membership. Association dues are on a sliding scale so support is always proportionately equal to industry participation.

SEIZE TODAY'S OPPORTUNITIES FOR TOMORROW'S ADVANCEMENT

As a last suggestion, I would remind you that timing is important to the success of any campaign. I believe that the time is now for the mobile home industry to act to fulfill its destiny. Let the success minded, dedicated men and women of the industry come to the front. Let them come forward in the spirit that President John Kennedy described so well when he said:

"The credit belongs to the man who is actually in the arena, whose face is marred by dust and sweat and blood . . . who knows the great enthusiasms, the great devotions; who spends himself in a worthy cause: who at the best knows in the end the triumph of high achievement, and . . . if he fails, at least fails while daring greatly, so that his place shall never be with those cold and timid souls who know neither victory nor defeat."

I sincerely hope that my thoughts will fall as seeds on fertile ground, and being enriched by it, will bloom and flower. I would like to think that what we have initiated here today will resolve into an action plan that will be good for business and good for America.

BINARY CHEMICAL WEAPONS—BILL REINTRODUCED

(Mr. OTTINGER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. OTTINGER. Mr. Speaker, on March 14, 1975—pages 6730-6731—I introduced H.R. 4955, which prohibits the use of any appropriations for the procurement of any munition delivery system or production facility for any binary chemical warfare agent.

On March 24, 1975—page 8452—I reintroduced the bill along with 25 of my colleagues.

I am pleased to reintroduce the bill again today, along with 25 additional colleagues, who also feel that the United States should not begin production of a new binary nerve gas system. The text of the bill and the cosponsors follow:

LIST OF COSPONSORS

Mr. Ottinger (for himself, Mr. Leggett, Mr. Brinkley, Mr. Bingham, Mr. Koch, Mr. Helstroski, Mr. Udall, Mr. Rosenthal, Mr. Mosher, Mr. Moorhead of Pa., Mr. Rangel, Mr. Studds, Ms. Holtzman, Mrs. Chisholm, Mr. Drinan, Mr. Miller of Calif., Ms. Abzug, Mr. Pattison of New York, Ms. Spellman, Mr. Solarz, Mr. Simon, Mr. Wirth, Mr. Hannaford, Mr. Richmond, Mr. Mikva, and Mr. Ashley.)

H.R. 5492

A bill to prohibit the production and procurement by any agency of the United States of any delivery system designed to disseminate any binary-type chemical warfare agent

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That no funds authorized or appropriated by any Act making authorizations or appropriations for fiscal year 1976 or for any fiscal year thereafter to the Department of Defense for military functions administered by that Department may be used by any department, agency, or instrumentality of the United States to—*

(1) procure any delivery system, or any part of component of any delivery system, which is designed to disseminate any binary-type chemical warfare agent, or

(2) establish (by construction or otherwise) or operate any facility for the production of any such system, part, or component.

Other Members have also expressed an interest in joining as cosponsors, so I intend to reintroduce the legislation again. I invite any additional Members to join in supporting this effort at that time.

The Members might also be interested in an article printed in the journal Science, March 14, 1975, on the appropriation request for binaries. The article follows:

8.8 MILLION SOUGHT FOR BINARY CW PRODUCTION

Last year when the House and Senate defeated proposed military funding for binary weapons production in a rare display of legislative coordination, perhaps the legislators thought they had nipped in the bud any military ambitions for constructing a new chemical weapons arsenal. This year, however, the Department of Defense (DOD) in its proposed 1976 budget requested \$3 million more than last year, or \$8.8 million for binary weapons production. The DOD is also request-

ing funds for binary weapons research, which has aroused little congressional opposition in the past.

A binary weapon operates by storing less-than-lethal chemicals in separate compartments of a projectile which do not mix and become lethal until after the munition is fired. Although safer to store and transport than ordinary chemical weapons, binary weapons nonetheless represent an entirely new generation in the larger family of chemical weapons. The United States renounced nearly all first uses of chemical weapons when it ratified the Geneva Protocol of 1925; other possible uses of chemical weapons in war are the subject of disarmament negotiations now going on in Geneva.

Opponents of escalation of U.S. binary weapons research into the production stage argue that manufacture of the weapons will call into question the country's good faith at the Geneva disarmament talks, and that binary weapons are not all that useful militarily, anyhow. Proponents argue that the United States will need a defensive chemical weapons capability in the future and that the existing arsenal of chemical weapons should be replaced by the safer, binary munitions at a cost of approximately \$100 million.

A new congressional fight against the binary procurement item is expected this year and some Congressmen's offices are already, so to speak, arming themselves.

A BILL TO ESTABLISH A HUDSON RIVER COMPACT COMMISSION

(Mr. OTTINGER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. OTTINGER. Mr. Speaker, today I am proud to introduce, along with over 20 of my colleagues from the Hudson River Valley, a bill to establish a Hudson River Compact Commission. Its purpose is to authorize negotiation of a compact to develop, preserve, protect, and restore the resources of the Hudson River Basin and its shores.

In 1966, as a new Member of the 89th Congress, I took an active interest in the future of the Hudson River and the Hudson River Basin, introducing and working for the passage of what is now Public Law 89-605, the Hudson River Compact Act. That bill directed the Secretary of the Interior to cooperate with the five States in the Hudson River Basin—New York, New Jersey, Connecticut, Massachusetts, and Vermont—on a program to develop, preserve, and restore the resources of the river and its shores. It was our hope back then that these States, along with the Federal Government, could negotiate a Federal/interstate compact which would give the Hudson the protection it needed if we were to insure that the Hudson would continue to be a viable waterway and a living river.

In 1970 Congress passed a 4-year extension of the Secretary of the Interior's review authority over federally sponsored or federally authorized projects, an authority given to him under the terms of the 1966 law. That authority gave the Secretary the responsibility to review these projects to make certain that they did not adversely affect the natural, scenic, historic, or recreational resources of the Hudson River Basin. Unfortunately, that section of the law lapsed last

year leaving the Secretary only to be the representative of the Federal Government in negotiating a compact with the States.

On November 6, 1973, President Nixon transmitted to Congress the report of the Secretary of the Interior, a report mandated annually in the original compact law. Included in the brief report was a proposed bill to repeal the Hudson River Compact Act. Fortunately, Congress did not enact repeal of the Compact Act, as the President had suggested. Instead, my colleague Mr. BINGHAM, who joins with me today in the introduction of this bill, came to the rescue toward the end of the 93d Congress. In legislation to decrease certain reporting requirements of Federal agencies, Mr. BINGHAM succeeded in repealing the requirement of an annual report by the Secretary to Congress, but left the Secretary with the responsibility to be the representative of the United States in negotiations for a compact agreement. Thus, Congress reaffirmed its commitment to a negotiated compact for the Hudson River Basin.

During my absence from the Congress, it was heartening to know that Congress had made such a reaffirmation of faith in the need for a compact to protect the river. But one major element was still lacking—negotiations to formulate and enact a compact had long been stalled and discontinued. The bill I introduce today is intended to put compact negotiations back on the track. It represents a new approach to convening negotiation discussions, by establishing a Commission to negotiate the compact composed of designees of the Secretary of the Interior and the Governors of the States within the Hudson River Basin. The Secretary, in my bill, is given the affirmative duty of convening the Commission, as well as the responsibility for reporting to Congress on or before July 1, 1976, as to the progress of those negotiations.

The need for a compact and permanent Commission to enforce its terms is abundantly clear. Many needs will be fulfilled through such a device: The need to encourage all beneficial uses of the lands and waters of the Hudson Riverway, including commercial, industrial, and other economic development consistent with the preservation of the natural resources of the river; the need to encourage and support local and State autonomy and initiative in planning and action to develop, preserve and restore the land and waters; the need to abate water pollution, protect clean water, and develop the water resources of the Hudson for beneficial use; and, the need to preserve, enhance and develop archaeological and historic sites, shrines, and structures and to preserve the scenic beauty of the river.

I wish to thank the 22 Members of the House who have joined with me today in introducing this bill, which has strong regional and bipartisan support. I am inserting a copy of the bill, along with its cosponsors, for the benefit of the Members of the House and any of their constituents who are concerned and interested in the protection and preservation of our great American waterways.

The text of the bill follows:

#### H.R. 5483

A bill to establish a Hudson River Compact Commission composed of the Secretary of the Interior and representatives from the States of New York, New Jersey, Vermont, Massachusetts, and Connecticut so that the Commission may negotiate a compact to develop, preserve, and restore the resources of the Hudson River Basin and its shores, and to authorize certain necessary steps to be taken to protect those resources from adverse Federal actions until the States concerned and the Congress have the opportunity to act on that compact.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.*

#### FINDINGS AND PURPOSES

SECTION 1. (a) The Congress finds that—

(1) the conservation, utilization, development, management, and control of the water resources of the Hudson River Basin under comprehensive multiple purpose planning will bring the greatest benefits and produce the most efficient service in the public interest;

(2) this comprehensive planning administered by a basin-wide agency will provide the potential for—

(A) flood damage reduction;

(B) conservation and development of surface and ground water supply for municipal, industrial, and agricultural uses;

(C) development of recreational facilities in relation to reservoirs, lakes, and streams;

(D) propagation of fish and game;

(E) promotion of forest land management, soil conservation, and watershed projects;

(F) protection and aid to fisheries;

(G) improved navigation;

(H) control of the movement of salt water;

(I) abatement and control of water pollution; and

(J) regulation of stream flows toward the attainment of these goals.

(3) the water resources of the basin are presently subject to the duplicating, overlapping, and uncoordinated administration of a large number of governmental agencies which exercise a multiplicity of powers and the result is a splintering of authority and responsibility;

(4) in the Act entitled "An Act to direct the Secretary of Interior to cooperate with the States of New York and New Jersey on a program to develop, preserve, and restore the resources of the Hudson River and its shores and to authorize certain necessary steps to be taken to protect those resources from adverse Federal actions until the States and Congress shall have had an opportunity to act on that program", approved September 26, 1966, the Congress and the executive branch of the Federal Government recognized a national interest in the consummation of an intergovernmental compact with Federal and State participation;

(5) approximately 15,000,000 people live and work in the Hudson River Basin and its environs, and the government, employment, industry, and economic development of the entire region and the health, safety, and general well-being of its population are and will continue to be affected vitally by the conservation, utilization, development, management and control of the water resources of the basin;

(6) demands upon the water resources of the basin are expected to mount because of anticipated increases in population and by reason of industrial and economic growth of the basin and its service area;

(7) water resources planning and development are technical, complex, and expensive, often requiring 15 to 20 years from the conception to the completion of large or extensive projects; and

(8) the public interest requires that facil-

ties must be ready and operative in the Hudson River Basin so that the damages of unexpected floods, droughts, and other disasters may be avoided.

(b) The purposes of this Act are—

(1) to establish a Hudson River Compact Commission composed of the Secretary of the Interior (hereinafter referred to as the "Secretary") and representatives from the States of New York, New Jersey, Vermont, Massachusetts, and Connecticut so that the Commission may negotiate a compact to develop, preserve, and restore the Hudson River Basin and its shores; and

(2) to authorize certain necessary steps to be taken to protect the resources of the Hudson River Basin from adverse Federal actions until the States concerned and the Congress have the opportunity to act on the compact negotiated by the Commission.

#### DEFINITIONS

SEC. 2. For purposes of this Act—

(1) the term "Hudson River" means the Hudson River and its tributaries from their source to the mouth of the Lower Bay;

(2) the term "Hudson River Basin" means the Hudson River and those parts of the States of New York, New Jersey, Vermont, Massachusetts, and Connecticut within and from which water naturally drains into the Hudson River; and

(3) the term "Hudson Riverway" means the Hudson River and related land.

#### ESTABLISHMENT OF COMMISSION

SEC. 3. There is established a commission to be known as the Hudson River Compact Commission (hereinafter referred to as the "Commission").

#### PURPOSES OF COMMISSION

SEC. 4. (a) The Commission is authorized to—

(1) negotiate a compact relating to the preservation, restoration, utilization, and development of the natural, scenic, historic, and recreational resources of the Hudson River Basin; and

(2) to present the compact to the Congress and to the States of New York, New Jersey, Vermont, Massachusetts, and Connecticut for ratification.

(b) In negotiating the compact, the members of the Commission shall consider the following:

(1) the need to establish a permanent Hudson River Compact Commission (to be funded and operated by the Federal Government and any of the States which are signatories to the compact) to enforce the terms of the compact agreed to and to provide direction for Federal and State participation in such enforcement;

(2) the need to encourage all beneficial uses of the lands and waters of the Hudson Riverway, including commercial, industrial, and other economic development consistent with the preservation and rehabilitation of the natural, scenic, historical, and recreational resources of the Hudson Riverway;

(3) the need to encourage and support local and State autonomy and initiative in planning and action to develop, preserve, and restore the land and waters of the Hudson Riverway, insofar as such planning and action is consistent with comprehensive development, preservation, and restoration of the natural, scenic, historic, and recreation resources of the Hudson Riverway;

(4) the need to abate water pollution, protect clean water, and develop the water resources of the Hudson Riverway for beneficial use;

(5) the need to preserve, enhance, and develop archaeological and historic sites, shrines, or structures along the Hudson Riverway;

(6) the need to preserve, enhance, and rehabilitate the scenic beauty of the Hudson Riverway; and

(7) the need to protect and enhance the

fish and wildlife and other natural resources of the Hudson Riverway.

MEMBERSHIP OF COMMISSION

Sec. 5. (a) The Commission's membership shall be as follows:

- (1) the Secretary, or his delegate;
- (2) the Governor of New York, or his delegate;
- (3) the Governor of New Jersey, or his delegate;
- (4) if the States of Connecticut, Massachusetts, or Vermont so desire, the Governor of those States, or their delegates.

(b) The Secretary shall convene the first and all subsequent meetings of the Commission, until such time as the members shall choose another member to act as chairman or convenor.

(c) Members of the Commission shall serve without compensation from the Commission but may be reimbursed by the Commission for necessary expenses incurred in and incident to the performance of their duties for the Commission.

POWERS OF COMMISSION

Sec. 6. (a) The Commission may hold hearings, sit and act at such times and places, take whatever testimony and receive whatever evidence it may deem advisable.

(b) The Commission may secure directly from any department or agency of the United States information necessary to enable it to carry out this Act. Upon request of the Chairman of the Commission, the head of such department or agency shall furnish such information to the Commission.

ORGANIZATION OF COMMISSION

Sec. 7. (a) The Commission shall provide for its own organization and shall adopt the rules governing its meetings and transactions.

(b) Each member is entitled to one vote in matters voted on by the Commission.

(c) The Commission shall provide by its rules for the appointment by each member of an advisor (to serve without compensation from the Commission) who may attend all meetings of the Commission and its committees.

REPORT

Sec. 8. On or before July 1, 1976, the Secretary shall transmit a report to the Congress and the President of the United States relating to the status of the negotiations by the Commission. The report may include the Secretary's recommendations concerning any matter relating to the Commission. The report shall include the Secretary's recommendations concerning the need for carrying out the purposes of this Act and concerning the manner in which any compact which has been agreed to by the Commission should be enforced. The President shall transmit to the Congress such recommendations concerning the Secretary's report as he may deem appropriate.

TRANSMISSION OF COMPACT TO CONGRESS

Sec. 9. The Commission may not submit a compact to the Congress until the legislatures of the States represented on the Commission have ratified it.

FEDERAL ACTIVITY AND LICENSING OF ACTIVITIES IN THE HUDSON RIVERWAY

Sec. 10. In order to avoid, insofar as possible, decisions or actions by any department, agency, or instrumentality of the United States which could unfavorably affect or alter any resource of the Hudson Riverway having substantial natural, scenic, historic, or recreational value until such time as the States represented on the Commission and the United States have had an opportunity to negotiate a compact, all departments, agencies, and instrumentalities of the United States shall consult with the Secretary concerning any plans, programs, projects, and

grants under their jurisdiction within or affecting the Hudson Riverway. Any Federal department, agency, or instrumentality before which there is a license application pending for an activity which may affect the resources of the Hudson Riverway shall notify the Secretary and, before taking final action on such application, shall allow the Secretary 90 days from the date he is notified to present his views on the matter. The requirements of this section shall not apply to any applicant for a license which was pending and being actively pursued on the date 90 days before the date of the enactment of this Act and shall cease to apply 5 years after the date of the enactment of this Act, or whenever a compact submitted by the Commission has been approved by the Congress, whichever occurs first.

REPEAL OF ACT OF SEPTEMBER 26, 1966

Sec. 11. The Act entitled "An Act to direct the Secretary of the Interior to cooperate with the States of New York and New Jersey on a program to develop, preserve, and restore the resources of the Hudson River and its shores and to authorize certain necessary steps to be taken to protect those resources from adverse Federal actions until the States and Congress shall have an opportunity to act on that program", approved September 26, 1966, as amended, is repealed.

AUTHORIZATION FOR APPROPRIATIONS

Sec. 12. There is authorized to be appropriated not more than \$75,000 for fiscal year 1976 to carry out the purposes of Sections 6, 8, and 10 of this Act. Expenses incurred by the Secretary or his delegate pursuant to Section 5(b) of this Act may be reimbursed with funds authorized to be appropriated under this Section.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. JEFFORDS) to revise and extend their remarks and include extraneous material:)

Mr. J. WILLIAM STANTON, for 10 minutes, today.

Mr. TALCOTT, for 5 minutes, today.

Mr. RAILSBACK, for 5 minutes, today.

Mr. ARMSTRONG, for 60 minutes, today.

The following Members (at the request of Mr. EVANS of Indiana) to revise and extend their remarks and include extraneous material:)

Mr. McFALL, for 5 minutes, today.

Mr. GONZALEZ, for 15 minutes, today.

Mr. RODINO, for 5 minutes, today.

Mr. VANIK, for 5 minutes, today.

Ms. HOLTZMAN, for 15 minutes, today.

Ms. ABZUG, for 15 minutes, today.

Mr. COLLINS of Illinois, for 5 minutes, today.

Mr. MATSUNAGA, for 15 minutes, today.

Mr. FORD of Michigan, for 5 minutes, today.

Mr. DUNCAN of Oregon, for 5 minutes, today.

Mr. OBERSTAR, for 5 minutes, today.

Mr. DANIELSON, for 10 minutes, today.

Mr. PHILLIP BURTON, for 30 minutes, today.

Mr. ROSTENKOWSKI, for 5 minutes, today.

Mr. MOAKLEY, for 5 minutes, today.

Mr. McDONALD of Georgia, for 20 minutes, March 26.

Mr. PATTEN, for 30 minutes, April 9.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. PATMAN, for 45 minutes, today, and tomorrow March 26, and to include extraneous matter.

(The following Members (at the request of Mr. JEFFORDS) and to include extraneous matter:)

Mr. FORSYTHE.

Mr. ANDERSON of Illinois in two instances.

Mrs. FENWICK in two instances.

Mr. WYDLER.

Mr. GILMAN in two instances.

Mr. HORTON.

Mr. EMERY.

Mr. SYMMS in three instances.

Mr. DERWINSKI in two instances.

Mr. GRADISON in two instances.

Mr. BELL.

Mr. BROOMFIELD.

Mr. TALCOTT in two instances.

Mr. ABDNOR.

Mr. RAILSBACK.

Mr. HEINZ in two instances.

Mr. THONE.

Mr. BOB WILSON in three instances.

Mr. TAYLOR of Missouri.

(The following Members (at the request of Mr. EVANS of Indiana) and to include extraneous matter:)

Mr. GONZALEZ in three instances.

Mr. ANDERSON of California in three instances.

Mr. McDONALD of Georgia in two instances.

Mr. WON PAT.

Mr. GAYDOS.

Mrs. CHISHOLM.

Mr. LLOYD of California in two instances.

Mr. EVANS of Indiana.

Mr. LONG of Louisiana.

Mr. SYMINGTON.

Mrs. SCHROEDER.

Mr. VANIK.

Mr. SPELLMAN in two instances.

Mr. REES in two instances.

Mr. BRODHEAD.

Mr. SOLARI in three instances.

Mr. RANGEL.

Mr. SHARP in two instances.

Mr. TEAGUE in two instances.

Mr. DOWNEY in three instances.

Mr. COTTER.

Mr. MURTHA.

Mr. HOWARD.

Mr. ROE in three instances.

Mr. BADILLO in 10 instances.

Mrs. SULLIVAN.

Ms. ABZUG in two instances.

Mr. RUSSO.

Mr. FLORIO in five instances.

Mr. DANIELSON in five instances.

Mr. JOHNSON of California.

Mr. MOFFETT.

Mr. OTTINGER.

Mr. DERRICK.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 1307. An act to amend the McIntire-Stennis Act of 1962 to promote forestry research at private university forestry schools; to the Committee on Agriculture.

## ENROLLED BILL SIGNED

Mr. HAYS of Ohio, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 4592. An act making appropriations for Foreign Assistance and related programs for the fiscal year ending June 30, 1975, and for other purposes.

## ADJOURNMENT TO 10 O'CLOCK WEDNESDAY

Mr. EVANS of Indiana. Mr. Speaker, I move that the House do now adjourn. The motion was agreed to; accordingly (at 5 o'clock and 51 minutes p.m.), under its previous order, the House adjourned until tomorrow, Wednesday, March 26, 1975, at 10 o'clock a.m.

## EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

655. A letter from the Director, Defense Security Assistance Agency, transmitting notice of the intention of the Department of the Army to offer to sell certain defense articles to the Government of Iran, pursuant to section 36(b) of the Foreign Military Sales Act, as amended; to the Committee on International Relations.

656. A letter from the Administrator, U.S. Environmental Protection Agency, transmitting a draft of proposed legislation to extend provisions of the Noise Control Act of 1972, for 2 years; to the Committee on Interstate and Foreign Commerce.

657. A letter from the Chairman and members, U.S. Commission on Civil Rights, transmitting a report on the extent of civil rights progress in the United States since *Brown v. Board of Education*, pursuant to section 104(b) of Public Law 88-315, as amended; to the Committee on the Judiciary.

## RECEIVED FROM THE COMPTROLLER GENERAL

658. A letter from the Administrator of Veterans' Affairs, transmitting the annual report of the Veterans' Administration for fiscal year 1974, pursuant to 38 U.S.C. 214 (H. Doc. No. 94-62); to the Committee on Veterans' Affairs and ordered to be printed with illustrations.

659. A letter from the Comptroller General of the United States, transmitting a report on budget authority released in response to congressional disapproval of deferrals on March 12 and 13, 1975 (H. Doc. No. 94-89); to the Committee on Appropriations and ordered to be printed.

660. A letter from the Comptroller General of the United States, transmitting a report on opportunities for improving the Defense Department's computerized civilian payroll processing operations; jointly, to the Committees on Government Operations, and Armed Services.

661. A letter from the Comptroller General of the United States, transmitting a report on data-reporting requirements imposed upon State and local educational agencies; jointly to the Committees on Government Operations, and Education and Labor.

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MURPHY of Illinois: Committee on Rules. House Resolution 366. Resolution providing for the consideration of H.R. 3786. A bill to authorize the increase of the Federal share of certain projects under title 23, United States Code (Rept. No. 94-115). Referred to the House Calendar.

Mr. MADDEN: Committee on Rules. House Resolution 368. Resolution providing for the consideration of H.R. 4723. A bill authorizing appropriations to the National Science Foundation for fiscal year 1976 (Rept. No. 94-117). Referred to the House Calendar.

Mr. YOUNG of Texas: Committee on Rules. House Resolution 367. Resolution providing for the consideration of H.R. 4224. A bill to authorize supplemental appropriations to the Nuclear Regulatory Commission for fiscal year 1975 (Rept. No. 94-116). 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. DANIELSON:

H.R. 5422. A bill to amend the Comprehensive Employment and Training Act of 1973 to provide that a unit or combination of units of general local government having a population of 50,000 or more shall be eligible to be a prime sponsor, and for other purposes; to the Committee on Education and Labor.

By Mr. ANDERSON of California:

H.R. 5423. A bill to regulate commerce and conserve gasoline by improving motor vehicle fuel economy, and for other purposes; to the Committee on Interstate and Foreign Commerce.

H.R. 5424. A bill to amend the Internal Revenue Code of 1954 to provide for a tax on every new automobile with respect to its consumption rate, to provide for public disclosure of the fuel consumption rate of every new automobile, and for other purposes; to the Committee on Ways and Means.

By Mr. ARCHER (for himself, Mr. BAUMAN, Mr. BEARD of Tennessee, Mr. BURLESON of Texas, Mr. BYRON, Mr. COLLINS of Texas, Mr. CRANE, Mr. DERRICK, Mr. DICKINSON, Mr. ESHLEMAN, Mr. MANN, Mr. MARTIN, Mr. ROUSSELOT, Mr. SNYDER, Mr. STEIGER of Arizona, Mr. SYMMS, Mr. TREEN, and Mr. WINN):

H.R. 5425. A bill to repeal the Davis-Bacon Act; to the Committee on Education and Labor.

By Mr. BLOUIN:

H.R. 5426. A bill to authorize the Secretary of Transportation to make a loan of \$100 million to the Chicago, Rock Island & Pacific Railroad Co.; to the Committee on Interstate and Foreign Commerce.

By Mr. BOWEN:

H.R. 5427. A bill to amend the Internal Revenue Code of 1954 to increase the estate tax exemption from \$60,000 to \$100,000; to the Committee on Ways and Means.

By Mr. COHEN (for himself, Mr. HASTINGS, Mr. BROWN of California, Mr. DOMINICK V. DANIELS, Mr. DOWNEY, Mr. EMERY, Mr. HICKS, Mr. PATTISON of New York, Mr. RAILSHACK, Mr. SARASIN, Mrs. SPELLMAN, Mr. SOLARZ, and Mr. VIGORITO):

H.R. 5428. A bill to amend the Public Health Service Act to establish a Health Education Administration within the Department of Health, Education, and Welfare to provide for the development and implementation of a national health education program; to the Committee on Interstate and Foreign Commerce.

By Mr. ESCH:

H.R. 5429. A bill to discourage the use of painful devices in the trapping of animals and birds; to the Committee on Merchant Marine and Fisheries.

H.R. 5430. A bill to amend the Internal Revenue Code of 1954 and certain other provisions of law to provide for automatic cost-of-living adjustments in the income tax rates; the amount of the standard, personal exemption, and depreciation deductions; and the rate of interest payable on certain obligations of the United States; to the Committee on Ways and Means.

By Mr. FLOOD:

H.R. 5431. A bill to provide authorizations for the Department of State, and for other purposes; to the Committee on International Relations.

By Mr. GRADISON:

H.R. 5432. A bill to amend title 30, United States Code, to prohibit certain franked mailings by Members of the Congress during certain periods before elections; to the Committee on Post Office and Civil Service.

By Mr. HENDERSON:

H.R. 5433. A bill to temporarily suspend required emissions controls on automobiles registered in certain parts of the United States, and for other purposes; to the Committee on Interstate and Foreign Commerce.

H.R. 5434. A bill to amend title 38 of the United States Code to make certain that recipients of veterans' pension and compensation will not have the amount of such pension or compensation reduced because of increases in monthly social security benefits; to the Committee on Veterans' Affairs.

By Mr. HORTON:

H.R. 5435. A bill to amend the Consolidated Farm and Rural Development Act to provide additional benefits to persons receiving emergency loans under subtitle C of such act; to the Committee on Agriculture.

By Mr. KARTH:

H.R. 5436. A bill to provide for the temporary suspension of duty on the importation of silver nitrate; to the Committee on Ways and Means.

By Mr. KOCH (for himself, Mrs. SCHROEDER, Mr. SOLARZ, Mrs. SPELLMAN, Mr. STARK, Mr. STOKES, Mr. WAXMAN, Mr. CHARLES H. WILSON of California):

H.R. 5437. A bill to protect the constitutional rights of citizens of the United States and to prevent unwarranted invasion of their privacy by prohibiting the use of the polygraph for certain purposes; to the Committee on the Judiciary.

By Mr. KOCH (for himself, Ms. ABZUG, Mr. BADILLO, Mr. BROWN of California, Mr. BAUCUS, Mr. JOHN L. BURTON, Mr. PHILLIP BURTON, Mr. CARNEY, Mr. CLAY, Mr. CONYERS, Mr. HANNAFORD, Ms. HOLTZMAN, Mr. HARRINGTON, Mrs. MEYNER, Mr. MIKVA, Mr. MITCHELL of Maryland, Mr. MOTTI, Mr. PATTISON of New York, Mr. RANGEL, Mr. RICHMOND, Mr. ROSENTHAL, Mr. ROYBAL, Mr. RYAN, and Mr. SCHEUER):

H.R. 5438. A bill to protect the constitutional rights of citizens of the United States and to prevent unwarranted invasion of their privacy by prohibiting the use of the polygraph for certain purposes; to the Committee on the Judiciary.

By Mr. MATSUNAGA (for himself, Mrs. MINK, and Mr. WON PAT):

H.R. 5439. A bill to provide for the normal flow of maritime interstate commerce between Hawaii, Guam, American Samoa, or the Trust Territory of the Pacific Islands and the west coast, and to prevent certain interruptions thereof; to the Committee on Education and Labor.

By Mr. MOLLOHAN:

H.R. 5440. A bill to amend the Federal Trade Commission Act (15 U.S.C. 41 et seq.) to provide that under certain circumstances exclusive territorial arrangements shall not be deemed unlawful; to the Committee on Interstate and Foreign Commerce.

By Mr. NEDZI:

H.R. 5441. A bill to authorize the Secretary of Agriculture to make grants to cities

to encourage the increased planting of trees and shrubs and to encourage other urban forestry programs; to the Committee on Agriculture.

By Mr. NOLAN:

H.R. 5442. A bill to amend the Internal Revenue Code of 1954 to provide that pensions paid to volunteer firemen or their dependents, or to the widows or other survivors of deceased volunteer firemen, shall not be subject to the income tax; to the Committee on Ways and Means.

By Mr. RAILSBACK (for himself, Mr. BLOUIN, Mr. EDGAR, Mr. FOLEY, Mr. FRASER, Mr. HALL, Mr. HARKIN, Mr. HUGHES, Mr. MCHUGH, Mr. MADIGAN, Mr. MAZZOLI, Mr. MEZVINSKI, Mr. MILLER of California, Mr. MOFFETT, Mr. MOSS, Mr. MURPHY of Illinois, Mr. NIX, Mr. OTTINGER, Mr. RISENHOOVER, Mr. ROSTENKOWSKI, Mr. SARBANES, Mr. SHIPLEY, Mr. SIKES, Mr. STAGGERS, and Mr. TRAXLER):

H.R. 5443. A bill to provide for the establishment of an American Folklife Center in the Library of Congress, and for other purposes; to the Committee on House Administration.

By Mr. RICHMOND (for himself, Mrs. MINK, Mr. HALL, and Mr. MILLER of California):

H.R. 5444. A bill to continue the special food service program for children through September 30, 1975; to the Committee on Education and Labor.

By Mr. RISENHOOVER:

H.R. 5445. A bill to provide for the construction of a loop road at the Kaw Dam and Reservoir, Osage County, Okla.; to the Committee on Public Works and Transportation.

By Mrs. SULLIVAN (for herself, Mr. RUPPE, Mr. BIAGGI, Mr. DU PONT, Mr. MURPHY of New York, Mr. DE LA GARZA, Mr. SNYDER, Mr. EILBERG, Mr. DE LUGO, and Mr. EMERY):

H.R. 5446. A bill to implement the Convention on the International Regulations for Preventing Collisions at Sea, 1972; to the Committee on Merchant Marine and Fisheries.

By Mrs. SULLIVAN (for herself, Mr. RUPE, Mr. MURPHY of New York, and Mr. MOSHER):

H.R. 5447. A bill to amend the act of August 16, 1971, as amended, which established the National Advisory Committee on Oceans and Atmosphere, to increase and extend the appropriation authorization thereunder; to the Committee on Merchant Marine and Fisheries.

By Mr. WALSH:

H.R. 5448. A bill to amend title XVI of the Social Security Act to eliminate the present prohibition against payment of supplemental security income benefits to individuals who are residents of certain public institutions; to the Committee on Ways and Means.

By Mr. WINN (for himself, Mr. BURGNER, Mr. DERRICK, Mr. ESCH, Mr. FASCELL, Mr. FUQUA, Mr. HARRINGTON, Mrs. LLOYD of Tennessee, Mr. LOTT, Mr. PRESSLER, Mr. ROE, Mr. THONE, and Mr. WHITEHURST):

H.R. 5449. A bill to authorize the Administrator of the National Aeronautics and Space Administration to conduct research and development programs to increase knowledge of tornadoes, hurricanes, large thunderstorms, and other types of short-term weather phenomena, and to develop methods for predicting, detecting, and monitoring such atmospheric behavior; to the Committee on Science and Technology.

By Mr. WON PAT:

H.R. 5450. A bill to authorize grants, loans, and loan guarantees for the government of Guam, and for other purposes; to the Committee on Interior and Insular Affairs.

By Ms. ABZUG:

H.R. 5451. A bill to allow Federal employees to participate in a flexible work scheduling program which, for an initial period, shall

be established on a temporary basis, and thereafter, subject to congressional disapproval, on a permanent basis; to the Committee on Post Office and Civil Service.

By Ms. ABZUG (for herself, Mr. JOHN L. BURTON, Mr. KOCH, Mr. NIX, Mr. DELLUMS, Mr. FAUNTRY, Mr. HARRINGTON, Mr. MCCLOSKEY, Mr. STARK, Mr. SOLARZ, Mr. RICHMOND, Mr. BINGHAM, Mr. ROSENTHAL, Mr. MITCHELL of Maryland, Mr. FRASER, Mr. BROWN of California, Mr. MINETA, Mr. WAXMAN, Mr. BADILLO, Mr. RANGEL, Mrs. CHISHOLM, Ms. HOLTZMAN, Ms. SCHROEDER, and Mr. STUDBS):

H.R. 5452. A bill to prohibit discrimination on the basis of affectional or sexual preference, and for other purposes; to the Committee on the Judiciary.

By Mr. ASHLEY:

H.R. 5453. A bill to amend title II of the Social Security Act so as to liberalize the conditions governing eligibility of blind persons to receive disability insurance benefits thereunder; to the Committee on Ways and Means.

By Mr. COTTER:

H.R. 5454. A bill to amend the State and Local Fiscal Assistance Act of 1972 to provide that taxes received by certain special districts which are not units of local government but which perform municipal services within cities and other units of local government shall be included in the tax effort of such cities and other units; to the Committee on Government Operations.

H.R. 5455. A bill to amend the Regional Rail Reorganization Act of 1973 to provide that the Federal share of a rail service continuation subsidy shall be 90 percent and the State share shall be 10 percent; to the Committee on Interstate and Foreign Commerce.

By Mr. DRINAN:

H.R. 5456. A bill to direct the Administrator of Energy Research and Development to establish a system of research and development of energy-conserving industrial technologies with due regard for the need to operate such a system in a manner which will stimulate depressed sectors of the American economy; to the Committee on Science and Technology.

By Mr. FRASER (for himself, Mr. BUCHANAN, and Mr. DERWINSKI):

H.R. 5457. A bill to authorize U.S. payment to the United Nations for expenses of the United Nations peacekeeping forces in the Middle East, and for other purposes; to the Committee on International Relations.

By Mr. FRASER (for himself, Mr. BINGHAM, Mr. UDALL, and Mr. OBERSTAR):

H.R. 5458. A bill to provide that all petroleum imported into the United States after September 1, 1975, shall not be available for purchase other than by the Government of the United States; jointly to the Committees on Ways and Means, and Interstate and Foreign Commerce.

By Mr. GILMAN:

H.R. 5459. A bill to reestablish November 11 as Veterans Day; to the Committee on Post Office and Civil Services.

By Mr. GUDE (for himself, Mr. MITCHELL of Maryland, Mrs. FENWICK, Mr. MANN, Mr. JENRETTE, Mr. STOKES, Mrs. HECKLER of Massachusetts, Mr. BLANCHARD, Mr. HANNAFORD, Mr. CLEVELAND, and Mr. WIRTH):

H.R. 5460. A bill to establish in the Department of Housing and Urban Development a direct low-interest loan program to assist homeowners and builders in purchasing and installing solar heating (or combined solar heating and cooling) equipment; to the Committee on Banking, Currency and Housing.

By Mr. HARSHA:

H.R. 5461. A bill to amend the Federal Water Pollution Control Act; to the Committee on Public Works and Transportation.

By Mr. HARSHA (for himself, and Mr. STUCKEY):

H.R. 5462. A bill to amend the District of Columbia Code to provide for the appointment of a commission in certain proceedings for the condemnation of real property in the District of Columbia; to the Committee on the District of Columbia.

By Mr. HASTINGS (for himself and Mr. WAMPLER):

H.R. 5463. A bill to establish an office of rural health within the Department of Health, Education, and Welfare, and to assist in the development and demonstration of rural health care delivery models and components; to the Committee on Interstate and Foreign Commerce.

By Mrs. HECKLER of Massachusetts (for herself and Mr. FORD of Tennessee):

H.R. 5464. A bill to extend for 1 year the authorization for the emergency jobs programs under title VI of the Comprehensive Employment and Training Act of 1973; to the Committee on Education and Labor.

By Mr. HENDERSON:

H.R. 5465. A bill to allow Federal employment preference to certain employees of the Bureau of Indian Affairs, and to certain employees of the Indian Health Service, who are not entitled to the benefits of, or who have been adversely affected by the application of, certain Federal laws allowing employment preference to Indians; to the Committee on Post Office and Civil Service.

By Mrs. HOLT:

H.R. 5466. 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 veterans cemeteries, and to provide for transportation of bodies to a national cemetery; to the Committee on Veterans' Affairs.

By Mr. KOCH (for himself, Mrs. CHISHOLM, Mr. CORMAN, Mr. CORNELL, Mr. HARKIN, Mr. JENRETTE, Mr. LEHMAN, Mr. LENT, Mr. MCHUGH, Mr. NIX, Mr. SANTINI, and Mr. WON PAT):

H.R. 5467. A bill to amend part B of title XVIII of the Social Security Act to broaden the coverage of home health services under the supplementary medical insurance program and remove the 100-visit limitation presently applicable thereto, to amend part A of such title to liberalize the coverage of postal-hospital home health services thereunder, to amend title XIX of such act to require the inclusion of home health services in a State's medicaid program and to permit payments of housing costs under such a program for elderly persons who would otherwise require nursing home care, to require contributions by adult children toward their parents' nursing and home health care expenses under the medicaid program, to provide expanded Federal funding for congregate housing for the displaced and the elderly, and for other purposes; jointly to the Committees on Ways and Means, and Interstate and Foreign Commerce.

By Mr. KOCH (for himself, Mr. BEARD of Rhode Island, Mrs. CHISHOLM, Mr. CORMAN, Mr. CORNELL, Mr. FASCELL, Mr. JENRETTE, Mr. LEHMAN, Mr. MCHUGH, Mr. MIKVA, Mr. MOTT, Mr. NIX, Mr. RANGEL, Mr. SEIBERLING, Mr. TRAXLER, and Mr. WON PAT):

H.R. 5468. A bill to amend part B of title XVIII of the Social Security Act to broaden the coverage of home health services under the supplementary medical insurance program and remove the 100-visit limitation presently applicable thereto, to amend part A of such title to liberalize the coverage of posthospital home health services thereunder, to amend title XIX of such act to require the inclusion of home health services in a State's medicaid program and to permit payments of housing costs under such a program for elderly persons who would otherwise require nursing home care, to provide expanded Federal funding for congregate housing for the displaced and the elderly, and for other purposes; jointly to the Com-

mittees on Ways and Means, and Interstate and Foreign Commerce.

Mr. LITTON (for himself, Mr. BUTLER, Mr. MADDEN, Mr. HANNAFORD, Mr. OBERSTAR, Mr. BOLLING, Mr. FLOWERS, Mr. HAMILTON, Mr. McHUGH, Mr. REUSS, Mr. WHITEHURST, Ms. FENWICK, and Mr. MANN):

H.R. 5469. A bill to amend the Internal Revenue Code of 1954 to restrict the authority for inspection of tax returns and the disclosures of information contained therein, and for other purposes; to the Committee on Ways and Means.

By Mr. McCORMACK (for himself, Mr. BROWN of California, Mr. TEAGUE, MOSHER, and Mr. GOLDWATER):

H.R. 5470. A bill to authorize in the Energy Research and Development Administration a Federal program of research, development, and demonstration designed to promote electric vehicle technologies and to demonstrate the commercial feasibility of electric vehicles; to the Committee on Science and Technology.

By Mr. McFALL (for himself and Mr. BADDILLO):

H.R. 5471. A bill to establish an independent board which shall have the authority to require prenotification of price increases, delay proposed price increases, disapprove proposed price increases, and roll back excessive prices with respect to companies in concentrated industries, in order to reduce inflation in the United States; to the Committee on Banking, Currency and Housing.

Mr. McFALL (for himself, and Mr. BENNETT):

H.R. 5472. A bill to establish an independent board which shall have the authority to require prenotification of price increases, delay proposed price increases, disapprove proposed price increases, and roll back excessive prices with respect to companies in concentrated industries, in order to reduce inflation in the United States; to the Committee on Banking, Currency and Housing.

By Mr. McFALL (for himself and Mr. BOLLING):

H.R. 5473. A bill to establish an independent board which shall have the authority to require prenotification of price increases, delay proposed price increases, disapprove proposed price increases, and roll back excessive prices with respect to companies in concentrated industries, in order to reduce inflation in the United States; to the Committee on Banking, Currency and Housing.

By Mr. McFALL (for himself and Mr. ANNUNZIO):

H.R. 5474. A bill to establish an independent board which shall have the authority to require prenotifications of price increases, delay proposed price increases, disapprove proposed price increases, and roll back excessive prices with respect to companies in concentrated industries, in order to reduce inflation in the United States; to the Committee on Banking, Currency and Housing.

By Mr. MATHIS:

H.R. 5475. A bill to amend the Clean Air Act to assure consideration of the total environmental, social, and economic impact while improving the quality of the Nation's air; to the Committee on Interstate and Foreign Commerce.

H.R. 5476. A bill to amend the Omnibus Crime Control and Safe Streets Act of 1968 to require as a condition of assistance under such act that law enforcement agencies have in effect a binding law enforcement officers' bill of rights; to the Committee on the Judiciary.

By Mr. MILLER of Ohio:

H.R. 5477. A bill to amend title 38 of the United States Code to make certain that recipients of veterans' pension and compensation will not have the amount of such pen-

sion or compensation reduced because of increases in monthly social security benefits; to the Committee on Veterans' Affairs.

H.R. 5478. A bill to amend title XI of the Social Security Act to repeal the recently added provision for the establishment of professional standards review organizations to review services covered under the medicare and medicaid programs; jointly to the Committees on Ways and Means, and Interstate and Foreign Commerce.

By Mr. MINISH (for himself, Mr. ANUNZIO, Mr. BLANCHARD, and Mr. LAFALCE):

H.R. 5479. A bill to authorize temporary assistance to help defray mortgage payments on homes owned by persons who are temporarily unemployed or underemployed as the result of adverse economic conditions; to the Committee on Banking, Currency and Housing.

By Mrs. MINK:

H.R. 5480. A bill to permit citizens of the Trust Territory of the Pacific Islands to collect survivor benefits under the Social Security Act; to the Committee on Ways and Means.

By Mr. NATCHER:

H.R. 5481. A bill to amend the Internal Revenue Code of 1954 to increase the exemption for purposes of the Federal estate tax, to increase the estate tax marital deduction, and to provide an alternate method of valuing certain real property for estate tax purposes; to the Committee on Ways and Means.

By Mr. OTTINGER (for himself, Mr. LEGGETT, Mr. BRINKLEY, Mr. BINGHAM, Mr. KOCH, Mr. HELSTOSKI, Mr. UDALL, Mr. ROSENTHAL, Mr. MOSHER, Mr. MOORHEAD of Pennsylvania, Mr. RANGEL, Mr. STUDS, Ms. HOLTZMAN, Mrs. CHISHOLM, Mr. DRINAN, Mr. MILLER of California, Ms. ABZUG, Mr. PATTISON of New York, Ms. SPELLMAN, Mr. SOLARZ, Mr. SIMON, Mr. WIRTH, Mr. HANNAFORD, Mr. RICHMOND, Mr. MIKVA, and Mr. ASHLEY):

H.R. 5482. A bill to prohibit the production and procurement by any agency of the United States of any delivery system designed to disseminate any binary-type chemical warfare agent; to the Committee on Armed Services.

By Mr. OTTINGER (for himself, Ms. ABZUG, Mr. BADDILLO, Mr. BIAGGI, Mr. BINGHAM, Mr. CONTE, Mr. DOMINICK V. DANIELS, Mr. DELANEY, Mr. FISH, Mr. GILMAN, Mr. HELSTOSKI, Ms. HOLTZMAN, Mr. HOWARD, Mr. KOCH, Mr. MURPHY of New York, Mr. RANGEL, Mr. RICHMOND, Mr. RODINO, Mr. ROE, Mr. ROSENTHAL, Mr. SCHEUER, Mr. SOLARZ, and Mr. WOLFF):

H.R. 5483. A bill to establish a Hudson River Compact Commission composed of the Secretary of the Interior and representatives from the States of New York, New Jersey, Vermont, Massachusetts, and Connecticut so that the Commission may negotiate a compact to develop, preserve, and restore the resources of the Hudson River Basin and its shores, and to authorize certain necessary steps to be taken to protect those resources from adverse Federal actions until the States concerned and the Congress have the opportunity to act on that compact; to the Committee on the Judiciary.

By Mr. PICKLE (for himself, Mr. ROBERTS, Mr. TEAGUE, Mr. CHARLES WILSON of Texas, Mr. COLLINS of Texas, Mr. BURLESON of Texas, Mr. WHITE, Mr. DE LA GARZA, Mr. POAGE, Mr. STEELMAN, Mr. WRIGHT, Mr. KRUEGER, Mr. MAHON, Mr. MILFORD, and Mr. GONZALEZ):

H.R. 5484. A bill to amend the Federal Trade Commission Act (15 U.S.C. 45) to pro-

vide that under certain circumstances exclusive territorial arrangements shall not be deemed unlawful; to the Committee on Interstate and Foreign Commerce.

By Mr. RHODES (for himself and Mr. STEIGER of Arizona):

H.R. 5485. A bill to authorize the Secretary of Agriculture and the Secretary of the Interior to cooperate with States, local agencies, and individuals in the planning and carrying out of practices for water yield improvement, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. RICHMOND (for himself, Mr. EILBERG, Ms. BURKE of California, and Mr. MOAKLEY):

H.R. 5486. 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; to the Committee on Education and Labor.

By Mr. ROGERS:

H.R. 5487. A bill to amend the Solid Waste Disposal Act to provide for a comprehensive system of waste management and resource recovery, to protect the public health and environment, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. ROSTENKOWSKI for himself, Mr. BURKE of Massachusetts, Mr. CORMAN, Mr. FRENZEL, Mr. GREEN, and Mr. VANIK):

H.R. 5488. A bill to amend the Internal Revenue Code of 1954 to subject Federal land banks, Federal land bank associations, and Federal intermediate credit banks to the taxes imposed by such code; to the Committee on Ways and Means.

By Mrs. SPELLMAN:

H.R. 5489. A bill providing for the review of executive agreements; to the Committee on International Relations.

By Mr. SOLARZ:

H.R. 5490. A bill to direct the National Institute of Education to develop curriculum concerning the destruction of the European Jewish community by Nazi Germany prior to and during World War II, for dissemination to elementary and secondary schools; to the Committee on Education and Labor.

H.R. 5491. A bill to establish a National Foreign Investment Control Commission to prohibit or restrict foreign persons from acquiring securities of certain domestic issuers of securities deemed vital to the economic security and national defense of the United States; to the Committee on Interstate and Foreign Commerce.

H.R. 5492. A bill to amend title II of the Social Security Act to provide that an individual who is entitled both to an old-age or disability insurance benefit and to a survivor's benefit may simultaneously receive the larger of such benefits plus one-half of the smaller; to the Committee on Ways and Means.

By Mr. THONE:

H.R. 5493. A bill to amend the Packers and Stockyards Act of 1921, as amended, to require packers or other persons buying or acquiring livestock or poultry to provide adequate bonding or other security to pay the producers for such commodities and for other purposes; to the Committee on Agriculture.

By Mr. THORNTON (for himself, Mr. DERWINSKI, Mr. JONES of Oklahoma, Mrs. LLOYD of Tennessee, Mr. MATHIS, and Mr. CHARLES WILSON of Texas):

H.R. 5494. 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. THORNTON (for himself, Mr. HAMMERSCHMIDT, and Mr. ALEXANDER):

H.R. 5495. A bill to amend title 23, United States Code, to authorize a demonstration program for the purpose of eliminating highway railroad grade crossings; to the Committee on Public Works and Transportation.

By Mr. TRAXLER:

H.R. 5496. A bill to enable cattle producers to establish, finance, and carry out a co-ordinated program of research, producer and consumer education, and promotion to improve, maintain, and develop markets for cattle, beef, and beef products; to the Committee on Agriculture.

H.R. 5497. A bill to retain November 11 as Veterans Day; to the Committee on Post Office and Civil Service.

By Mr. WHITE:

H.R. 5498. A bill to amend title 10 of the United States Code to eliminate the reduction made to retired or retainer pay, for purposes of providing a surviving spouse with an annuity under the Survivor Benefit Plan, during periods when the person entitled to such pay is unmarried; to the Committee on Armed Services.

Mr. WYLIE:

H.R. 5499. A bill to amend the Immigration and Nationality Act, and for other purposes; to the Committee on the Judiciary.

By Mr. ESCH:

H.J. Res. 358. Joint resolution to designate April 24, 1975, as National Day of Remembrance of Man's Inhumanity to Man; to the Committee on Post Office and Civil Service.

By Mr. FLOWERS:

H.J. Res. 359. 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. SEBELIUS (for himself, Mr. ABDON, Mr. BLANCHARD, Mrs. COLLINS of Illinois, Mr. CORNELL, Mr. DUNCAN of Oregon, Mr. KEMP, Ms. SPELLMAN, and Mr. SYMINGTON):

H.J. Res. 360. Joint resolution to amend title 5 of the United States Code to provide for the designation of the 11th day of No-

## EXTENSIONS OF REMARKS

ember of each year as Veterans Day; to the Committee on Post Office and Civil Service.

By Mr. FLOOD:

H. Con. Res. 194. Concurrent resolution expressing the sense of Congress concerning recognition by the European Security Conference of the Soviet Union's occupation of Estonia, Latvia, and Lithuania; to the Committee on International Relations.

By Mr. HAMMERSCHMIDT:

H. Con. Res. 195. Concurrent resolution expressing the sense of Congress concerning recognition by the European Security Conference of the Soviet Union's occupation of Estonia, Latvia, and Lithuania; to the Committee on International Relations.

By Mr. FLORIO:

H. Res. 359. Resolution relating to restricting transmission of sports contests by cable television; to the Committee on Interstate and Foreign Commerce.

By Mr. HAYS of Ohio (for himself and Mr. ANNUNZIO):

H. Res. 360. Resolution creating additional positions on the U.S. Capitol Police Force for duty under the House of Representatives; to the Committee on House Administration.

By Mr. DOWNEY (for himself, Mr. BINGHAM, Mr. CARR, Mr. CONTE, Mr. CORNELL, Mr. DOMINICK V. DANIELS, Mr. DRINAN, Mr. EDGAR, Mr. FORSYTHE, Mr. GODE, Mr. HARRINGTON, Mr. HARRIS, Mr. KREBS, Mr. LEGGETT, Mr. LONG of Maryland, Mr. MAZZOLI, Mr. MEEDS, Ms. MEYNER, Ms. SCHROEDER, Mr. SIMON, Mr. SOLARZ, Ms. SPELLMAN, Mr. STARK, Mr. SYMINGTON, and Mr. THOMPSON):

H. Res. 361. Resolution relating to food assistance for Cambodia; to the Committee on International Relations.

By Mr. DOWNEY (for himself and Mr. MINETA):

H. Res. 362. Resolution relating to food assistance for Cambodia; to the Committee on International Relations.

By Mr. KOCH (for himself, Mrs. HECKLER of Massachusetts, and Mr. WIRTH):

H. Res. 363. Resolution expressing the sense of the House of Representatives that the President should submit an action plan

to correct abuses in nursing homes; to the Committee on Interstate and Foreign Commerce.

By Mr. LITTON (for himself, Ms. ABZUG, Mr. DU PONT, Mr. SOLARZ, Mr. HANNAPORD, Ms. MEYNER, Mr. DERWINSKI, Mr. MURTHA, Mr. O'HARA, Mr. LONG of Maryland, Mr. DOWNEY, and Mr. JENRETTE):

H. Res. 364. Resolution expressing the sense of the House of Representatives concerning the need for immediate and substantial public investments in agricultural research and technology for the express purpose of increasing food production; to the Committee on Agriculture.

By Mr. WYLIE:

H. Res. 365. Resolution in support of continuing undiluted U.S. sovereignty and jurisdiction over the U.S.-owned Canal Zone on the Isthmus of Panama; to the Committee on International Relations.

## PRIVATE BILLS AND RESOLUTIONS

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

By Mr. DODD:

H.R. 5500. A bill for the relief of Rafael Stroblitz Wurzel; to the Committee on the Judiciary.

By Mr. HORTON:

H.R. 5501. A bill for the relief of Carl B. Malcolm; to the Committee on the Judiciary.

H.R. 5502. A bill for the relief of Antonio Di Maria; to the Committee on the Judiciary.

By Mrs. MINK:

H.R. 5503. A bill for the relief of Divina Mamuad; to the Committee on the Judiciary.

## PETITIONS, ETC.

Under clause 1 of rule XXII.

65. THE SPEAKER presented a petition of the Chamber of Commerce, Camden, Ark., relative to adjournment of Congress for at least 4 months each year; to the Committee on Rules.

## EXTENSIONS OF REMARKS

H.R. 5414 AND 5415

**HON. PATRICIA SCHROEDER**

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mrs. SCHROEDER. Mr. Speaker, yesterday I introduced two bills, H.R. 5414 and H.R. 5415, to assist veterans with less than honorable discharges.

The text of the bills follow:

H.R. 5414

A bill to prohibit the use of discharge certificates which indicate the reason why, or conditions under which, any individual is discharged or released from active duty; to deem all living individuals discharged or released from the Armed Forces to be eligible for all benefits provided by law by reason of military service; and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 1168 of title 10, United States Code, is amended to read as follows:

"§ 1168. Discharge or release from active duty; certificate of service; limitations

"(a) No member of any armed force may be discharged or released from active duty until the certificate of service of the member, and the final pay of the member or a substantial part of that pay, are ready for delivery to the member or to the next of kin or legal representative.

"(b) A certificate of service issued pursuant to subsection (a) may not set forth, with respect to the member concerned, any information other than—

"(1) the name, rank, and service number of the member; and

"(2) the period of active duty served by the member.

"(c) No certificate of service may set forth, or contain any notation of any kind which indicates or may indicate, the reason why, or the conditions under which, a member was discharged or released from active duty.

"(d) This section does not prevent the immediate transfer of any member to a Veterans' Administration facility for necessary hospital care."

"(b) The analysis of chapter 59 of such title 10 is amended by striking out

"1168. Discharge or release from active duty; limitations."

and inserting in lieu thereof

"1168. Discharge or release from active duty; certificate of service; limitations."

Sec. 2. The amendments made by the first

section of this Act shall apply with respect to members of the armed forces who are discharged or released from active duty on or after the date of the enactment of this Act.

Sec. 3. (a) The Secretary of the appropriate military department shall promptly issue to any living member (upon request therefor by the member) who was discharged or released from active duty before the date of the enactment of this Act a certificate of service provided for in section 1168 of title 10 of the United States Code (as amended by the first section of this Act).

(b) After issuance of any certificate of service to any individual pursuant to subsection (a) of this section, any discharge certificate or certificate of release which was issued to such individual before the date of the enactment of this Act shall not be deemed to have any legal force or effect.

Sec. 4. Any individual who is issued, or is entitled to be issued, a certificate of service under the amendments made by the first section of this Act or the provisions of section 3 of this Act shall be deemed to be—

(1) a veteran within the meaning of section 101(2) of title 38, United States Code; and

(2) a veteran discharged under conditions other than dishonorable for the purposes of any other law of the United States under which benefits of any kind are made available to such individual by reason of the