# SENATE—*Monday, April 12, 1976*

The Senate met at 12 o'clock meridian and was called to order by Hon. ADLAI E. STEVENSON, a Senator from the State of Illinois.

PRAYER

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

Almighty God, may the reverent memories of this Holy Week lead us in humility to that cross which once loomed on a skull-shaped hill, intersecting all history, and lifting man's hope of salvation and new life. Show us again the eternal truth that without the giving of life there is no redemption nor human progress. Bring to us the crucifying hope—dying to live, giving of self to find self, loving life to find it again. Help us to worship as we work and at the end of the week bring us in faith to the passover of gladness and the resurrection morning.

We pray in the name of Him who is the Resurrection and the Life. Amen.

## APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

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

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
*Washington, D.C., April 12, 1976.*

*To the Senate:*

Being temporarily absent from the Senate on official duties, I appoint Hon. ADLAI E. STEVENSON, a Senator from the State of Illinois, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
*President pro tempore.*

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

## THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Friday, April 9, 1976, be dispensed with.

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

## WAIVER OF THE CALL OF THE CALENDAR

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

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

## COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Committee on Armed Services, the Committee on Commerce, the Committee on Foreign Relations, the Committee on Interior and Insular Affairs, the Committee on Government Operations, the Committee on Labor and Public Welfare, and the Select Committee To Study Governmental Operations With Respect to Intelligence Activities be authorized to meet during the session of the Senate today.

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

Mr. MANSFIELD. I ask unanimous consent that all other committees be authorized to meet until 1 p.m. or the end of morning business, whichever occurs later.

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

## EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider a nomination on the Executive Calendar under "New Reports."

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

## NATIONAL TRANSPORTATION SAFETY BOARD

The second assistant legislative clerk read the nomination of Philip Allison Hogue, of Virginia, to be a member of the National Transportation Safety Board.

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

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of this nomination.

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

## LEGISLATIVE SESSION

Mr. MANSFIELD. I ask unanimous consent that the Senate return to the consideration of legislative business.

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

## PRIVILEGE OF THE FLOOR

Mr. MANSFIELD. Mr. President, the distinguished Senator from Kentucky (Mr. FORD) is absent today because of an illness in his family. I ask unanimous consent that Jim Fleming, of his staff, be allowed the privilege of the floor throughout the day.

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

## ORDER FOR ADJOURNMENT UNTIL 10:30 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until the hour of 10:30 a.m. tomorrow.

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

## ORDER FOR RECOGNITION OF SENATORS FOR 5-MINUTE SPEECHES ON TAX REFORM TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that after the two leaders have been recognized tomorrow, and after the recognition of the Senator from Vermont (Mr. LEAHY), the following Senators be recognized for a series of speeches on tax reform, each with a 5-minute limitation: Senators KENNEDY, HOLLINGS, HUMPHREY, MUSKIE, HASKELL, HATHAWAY, CLARK, BUMPERS, BAYH, MCGOVERN, CHURCH, PROXMIRE, CRANSTON, GLENN, GARY HART, PHILIP A. HART, METCALF, JACKSON, and BIDEN.

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

## THE TITLING OF LEGISLATIVE PROPOSALS

Mr. GRIFFIN. Mr. President, on an earlier occasion I called attention to a bill on the Calendar, item No. 707, S. 1624, which is entitled "A bill to promote the free flow of commerce among the several States, and for other purposes."

I then expressed my concern that too many bills, it seems to me, are labeled or entitled with words that convey no meaning, or convey, in some instances, distorted meanings as to what the bill actually is intended to do.

In this particular instance, after looking at the title of the bill, "to promote the free flow of commerce among the several States, and for other purposes," when one reads its text, the very first line of the first section states as follows:

> Congress finds that the free flow of commerce in wine among the several States is materially restrained, impaired—

And so forth. This is a bill, it turns out upon examination, to affect the imposition by States of taxes on wine. This, of course, is a legitimate purpose of the sponsor; but my concern, and the reason I mention it again, is that anyone who looks at the Senate calendar would have no idea whatsoever what this bill is about, nor would they be given any notice of any kind about the purpose, intent, or effect of the bill.

AMENDMENT NO. 1594

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

Mr. President, I am today submitting an amendment proposing to amend the title of this particular bill to make it read, "A bill to promote the free flow of commerce in wine among the several States, and for other purposes."

Those who are interested in this particular legislation, the junior Senator from Michigan being one of them, might direct their attention to the 21st amendment to the Constitution, which specifically reserves to the several States broad

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powers concerning the flow and importation of intoxicating liquors. While under the commerce clause there are certain provisions and rights insuring that commerce shall flow freely with respect to other articles and other items, it should be noted that the 21st amendment to the Constitution is a modification of what otherwise might be the general constitutional rule under the commerce clause.

The ACTING PRESIDENT pro tempore. The amendment will be received and printed and will lie on the table.

Mr. GRIFFIN. I ask unanimous consent that the amendment be printed in the RECORD.

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

AMENDMENT No. 1594

Amend the title so as to read: "To promote the free flow of commerce in wine among the several States, and for other purposes".

Mr. GRIFFIN. Mr. President, I also ask unanimous consent that S. 1624 and the text of the 21st Amendment to the U.S. Constitution be printed in the RECORD.

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

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

SECTION 1. (a) Congress finds that the free flow of commerce in wine among the several States is materially restrained, impaired, and obstructed by the imposition by one State of taxes, regulations, prohibitions, and requirements which discriminate against wine produced outside the State.

(b) Congress declares that, in the exercise of the power to regulate commerce among the several States granted to it by Article I, section 8, clause 3 of the United States Constitution, its purpose and intent in enacting this Act is to eliminate the obstructions to the free flow of commerce in wine among the several States resulting from acts of the States which impose discriminatory and unreasonable burdens upon such commerce.

SEC. 2. (a) Wherever the law of any State permits the transportation or importation of wine into that State, such State may not impose with respect to any wine produced outside the State, or from materials originating outside the State, any tax, regulation, prohibition, or requirement which is not equally applicable with respect to wine of the same class (1) produced in, or from materials originating in, the State imposing such tax, regulation, prohibition, or requirement, or (2) produced outside the State, or produced from products produced outside the State.

(b) A State which permits the sale of wine within the State shall permit the transportation or importation of wine of the same class produced outside the State, or from materials originating outside the State, into such State for sale therein upon terms and conditions equally applicable to all wine of the same class sold in the State.

SEC. 3. (a) Notwithstanding the provisions of section 2 of this Act, each State retains the right—

(1) to engage in the purchase, sale, or distribution of wine; and

(2) to exercise discretion in the selection and listing of wine to be purchased or sold by each such State.

(b) No State which exercises the rights set forth in subsection (a) may impose with respect to wine of any class, any tax, regulations, license fee, prohibition, or markup, which discriminates against wine of such class produced outside such State.

SEC. 4. Whenever any interested person has reason to believe that any State has violated any of the provisions of section 2 or 3(b) of this Act, such person may file in a district court of the United States of competent jurisdiction a civil action to enjoin the enforcement thereof. Such court shall have jurisdiction to hear and determine such action, and to enter therein such preliminary and permanent orders, decrees, and judgments as it shall determine to be required to prevent any violation of section 2 or 3(b).

SEC. 5. As used in this Act—

(1) the term "State" means any State of the United States, any political subdivision of any such State, any department, agency, or instrumentality of one or more such States or political subdivisions, and the Commonwealth of Puerto Rico; and

(2) the term "person" means any individual and any corporation, partnership, association, or other business entity organized and existing under the law of the United States or any State.

AMENDMENT [XXI]

SECTION 1. The eighteenth article of amendment to the Constitution of the United States is hereby repealed.

SECTION 2. The transportation or importation into any State, Territory, or possession of the United States for delivery or use therein of intoxicating liquors, in violation of the laws thereof, is hereby prohibited.

SECTION 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by conventions in the several States as provided in the Constitution within seven years from the date of the submission thereof to the States by the Congress.

## ORDER OF BUSINESS

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

## CHEAP FUEL OR SUFFICIENT FUEL—THE CRITICAL DECISON IN U.S. ENERGY POLICY

Mr. BARTLETT. Mr. President, for years our Nation's energy policies have encouraged energy consumption at the expense of production. The ostensible purpose of these policies has been to maintain energy prices as low as possible. Lower domestic crude oil and natural gas prices have been achieved by legally forcing the owners and producers of energy to subsidize the energy consumers, by legally forcing the sale of their private property at less than the fair market value, at less than replacement prices. Many in the Nation, however, do not recognize that these policies have caused crude oil and natural gas shortages and are increasing our dependence on unreliable foreign energy sources.

The recent passage of the Energy Policy and Conservation Act of 1975 which placed all domestic crude oil production under price control and the House passage of natural gas legislation which would extend price controls to currently unregulated markets and producers merely underscore and demonstrate the congressional preference for supposedly lower domestic prices rather than adequate domestic supplies of oil and natural gas. I say "supposedly" because as our dependence on foreign petroleum increases, as it most certainly will under price controls, we become less able to influence the prices we pay for it and we encourage OPEC to increase prices further; the American consumer will therefore be paying higher energy prices even though domestic prices are controlled. From a domestic standpoint, however, the EPCA and the House-passed gas bill mean that the producer subsidy of the energy consumer will most likely be continued by Congress for some time to come.

It is time for us to evaluate candidly whether energy policies meant to benefit consumers by keeping prices low are really in the best long-run interests of the consumers and the Nation. Our choices are clear. We can accept the short-term benefits of lower prices which simultaneously increase demand and incur the long-term problems of inadequate supplies, energy dependence unavoidable eventual high prices, threat of debilitating embargos, and a weakened national security; or we can decontrol prices, pay for what we are using, and solve these long-term problems.

Basic to this issue is understanding the long-term nature of energy development. Today's investments will result in additional energy supplies 10, 20, and 30 years hence, however, they will probably not increase current or near-term production rates significantly. Thus, we cannot instantaneously obtain energy sufficiency. We must now establish sound, reliable energy policies in order to provide for our future energy needs.

If we do not establish sound energy policies, then we jeopardize the future of this Nation. I am especially concerned about the threat to our national security which the accelerating momentum of overdependence on imported oil presents.

Imports of oil from OPEC have increased 20 percent since the 1973 embargo. Although not all of this comes from the OPEC nations in the Middle East, most of any future increase in imported oil will likely come from this area because this is where most of the world's excess productive capacity is located.

Consider, for example, how a limited scale war in the Middle East or a future embargo could affect our Nation's supply of crude to sustain our economy and to run our Defense Establishment. This Congress is considering a $112 billion military appropriations bill. An insufficient supply of fuel for our military would render most if not all of this expenditure worthless. Decontrol of crude oil and natural gas prices, which would annually cost less than 10 percent of our defense expenditures, seems to me to be a small price to pay in order to be

sure our military would be able to function in the event foreign oil becomes inaccessible or unavailable.

Our current energy policies do not provide this insurance.

I am not saying that there has been no recognition of our problems by the Congress, but only that congressional action has been woefully inadequate.

In 1971 the Senate formally commissioned a national fuels and energy policy study under the direction of my colleague from Washington, Senator HENRY M. JACKSON, chairman of the Committee on Interior and Insular Affairs. I commend the Senate of the 92d Congress for its foresight because the study precedes by 2 years the peak of our country's natural gas production rate and coincides nearly with the peak of our crude oil production rate.

In fact, Senator JACKSON himself recognized the natural gas problem during the initial sessions of the study when he said on June 15, 1971:

> I do not view the Senate Interior Committee National Energy Policy Study as a cause or an excuse to suspend decisions on energy issues, as so often happens with committee or Commission studies. Some of the areas in which we cannot wait for further studies are the immediate and critical natural gas shortages we face, powerplant siting legislation, and pollution problems arising at powerplants, and the environmental impact of surface mining.

Then on February 25, 1972, at the natural gas policy issues hearings he again emphasized how critical the natural gas problem is:

> Natural gas supplies about ⅓ of the energy used in the United States and is the fuel for which the word "crisis" is most appropriate. There is general agreement that natural gas demand is outrunning supply and we have already had several serious gas curtailments. These curtailments promise to become more frequent and more serious unless we can do something that will dramatically increase gas supplies or curb gas demand.
>
> The supply and demand for gas are affected by a great number of government programs, including mineral leasing policies on the public lands, regulatory policies of the Federal Power Commission, controls on oil imports, and policies toward oil and toward industry generally.

The committee published in January 1974 the results of its investigation of natural gas in a report entitled "Natural Gas Policy Issues and Options," which, in part, said:

> Today the nation is faced with a natural gas shortage of increasing proportions. The supply/demand imbalance can be seen as a "virtually inevitable" result of the low regulated producer prices. This is the conclusion of most economists who have never been associated with the industry, or its regulation, but who have studied the relevant data over a period of years.

But, no remedial action has ever been taken or recommended by the Interior Committee.

I must conclude that all the study and talk were nothing more than political hyperbole because, when the results were in, it was clear that under-the-market, controlled, low prices being paid to producers, are causing our worsening natural gas shortages. In spite of the clear and convincing evidence that price controls cause shortages, Congress instead has passed legislation to control and roll back oil prices and so far has done nothing to deregulate natural gas prices.

What has happened to the national fuels and energy policy study and more importantly what has happened to our energy supplies since this grand and glorious study began?

The national fuels and energy policy study has now been extended five times. Over $2,750,000 have been authorized or expended by Congress on the study. Authorizations in recent years have been over $600,000 annually. Yet, to date no formal report has been issued. The principal accomplishment has been the publication of over 60,000 pages of various and sundry hearing records, Congressional Research Service reports, staff documents, and bibliographies.

Whether the study has effectively done anything to further congressional understanding of energy policy is questionable, especially judging from the results obtained to date. In fact, by considering the size of recent annual appropriations for the study and the results from the study, it would seem that its real purpose has nothing whatsoever to do with energy crisis analysis but is designed to feather the budget of the Interior Committee and to increase the staff size.

So much for the study. What about energy supplies?

Since 1971, when the study began, our gas producing rate has dropped by more than 2.5 trillion cubic feet per year, the equivalent of 1.2 million barrels of oil per day; and our crude oil producing rate has declined by 2 million barrels per day. These production declines have precipitated since 1971 an increase in imports from primarily OPEC nations of approximately 100 percent from a national security standpoint current levels of imports are dangerously high, and the situation promises to become even more perilous in the future.

Our crude oil producing rate and our natural gas producing rate continue to decline and both show no signs of even leveling off, let alone, increasing slightly.

Drilling rig activity is lower now that at any time during 1975. Seismic activity has been on a decline since mid-1974. Currently over 25 percent of available seismic crews and drilling equipment are unemployed indicating, that our current efforts are far short of what they could be and even further short of what they would have to be to solve our energy problems.

This is not a very outstanding record of performance for a committee charged 5 years ago by Congress with finding the causes of our energy problems and taking constructive action to solve them.

Let us look a little more closely at our natural gas and crude oil policy, how producers subsidize consumers, and why this policy does not work.

For the last 21 years, natural gas producers and mineral owners have subsidized consumers throughout the Nation. They have been forced by the Federal Government to accept for their product artificially low, controlled prices set by the Federal Power Commission. Because there are now widespread and increasing natural gas shortages on the systems of many interstate pipelines, it is clear that the Federal price control system is a failure.

According to figures compiled by the Center for Economic and Management Research at the University of Oklahoma, the average price of interstate natural gas leaving the State of Oklahoma was in 1974 a ridiculously low 21 cents per MCF. Fifty-seven percent of the gas sold in interstate commerce was priced between 10 and 20 cents per Mcf and 33 percent between 20 and 30 cents. Some of the gas being sold interstate was even priced below 9 cents per Mcf. On the high side, less than 0.1 percent of the gas sold interstate was priced over 80 cents per Mcf—this gas being sold under the emergency short-term procedures of the Federal Power Commission.

In contrast to this, the average price of natural gas sold in 1974 to intrastate purchasers was 37 cents per Mcf with the average price of about 76 cents per Mcf or new gas; these prices are unregulated prices; there are few shortages of natural gas in the intrastate market and what shortages there are or have been are being eliminated.

According to current FPC procedures, new interstate gas is priced at the prevailing national rate, currently 53 cents per Mcf, which is equivalent to only $3.07 per barrel of crude oil. This price for new interstate sales of natural gas is over four times below the uncontrolled world market price for oil and over 3½ times below the controlled price of new domestic oil.

Although Federal price controls on natural gas appear to have benefited consumers at the expense of producers, both will lose if the system is not changed and if natural gas prices are not deregulated. The reason is clear. Price controls on wellhead sales of natural gas have placed severe constraints on the ability of producers to explore for and develop any but the most promising sources of new natural gas and simultaneously have artificially stimulated the demand for this valuable resource. Natural gas shortages are created which in turn shut down plants, put people out of work, reduce economic output, and weaken our national security.

At the same time, the low prices for natural gas have retarded the development of altenate fuels. Because natural gas was and is cheaper, it has replaced other fuels, primarily coal, as an energy source. Among other things, one effect of natural gas price controls was to cripple the coal industry. Coal production has not increased significantly in recent years even though the coal resource base is larger than that of any other conventional energy source in the United States.

Producers of natural gas are selling their product at artificially low prices,

prices far below those necessary to replace the gas being sold. Thus, the revenue from the sale of natural gas is not enough for producers to find and to develop an equivalent volume of reserves to replace what has been sold. The result is that our reserve base is now inadequate to maintain current producing rates—rates which will continue to decline from month to month.

This situation is the same as that of a grocer who is forced to sell his groceries at less than replacement prices. His reduced profits deplete his stocks leaving empty shelves.

The analogy holds true for crude oil. With the enactment of the Energy Policy and Conservation Act of 1975, the price of all domestic crude oil is controlled. Presumably controls will last for at least 40 months, but probably will continue indefinitely.

Under the EPCA both the average price of domestic crude oil and the price of new crude oil are set below the free market price. Our producers and land owners are therefore subsidizing consumers of crude oil as they have been doing for so many years with natural gas. Producers of crude oil do not now receive from sales enough revenue to replace—find and develop—the crude currently produced.

In fact, if our goal is to increase domestic production, the pricing scheme in the EPCA is one of the worst which could have been devised because the marginal price to producers is not the upper tier price for new crude oil but is the composite average price of $7.66 per barrel. This is so, because as new oil is found, the price of all other production must be adjusted downward to comply with the composite average price of $7.66. No matter what producers do, no matter how successful they are, no matter how much oil they find, the average price is still limited to $7.66 per barrel. Also, considering that the EPCA places no controls on producer costs, it does nothing more than establish an inflexible limit on producing revenues.

Natural gas and crude oil are two of the most important commodities in our domestic economy. They are the only two commodities whose prices are set by the Federal Government below market levels. Ironically, they are two commodities in very short supply.

Price controls force producers to subsidize consumers; but at the same time they increase shortages by stimulating consumption and reducing production. We should all agree that natural gas and crude oil shortages have adverse effects on our country's economy and security. It then behooves all of us to ask whether price controls really benefit consumers at the expense of producers or are all Americans being hurt?

In my opinion, the evidence is overwhelming in favor of the latter.

The national fuels and energy policy study should have concluded this years ago. Price controls benefit neither producers nor consumers, only some politicians. This conclusion is abundantly clear. It is time to change our policies to take constructive action, in spite of the constant lethargy by the Senate energy leadership. Returning to the uncontrolled market for crude oil and natural gas pricing is the best policy for consumers and producers alike, for all Americans.

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## ORDER OF BUSINESS

Mr. BARTLETT. Mr. President I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

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

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

Mr. MANSFIELD. Mr. President, I ask unanimous consent that I may be recognized at this time, prior to the distinguished Senator from Virginia (Mr. HARRY F. BYRD, JR.), who is absent temporarily on official business.

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

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## UNITED STATES-CHINESE RELATIONS

Mr. MANSFIELD. Mr. President, I listened to former Secretary of Defense James Schlesinger on a program yesterday, and he was asked some questions about the People's Republic of China. As I recollect, he stated that he and some others had discussed the possibility of arms for the People's Republic but that nothing had come of it. I assumed, based on his language, that that discussion was entirely within the U.S. administration and that the People's Republic representatives were not involved, and that it was something that was done in relation to possibilities which might, conceivably ensue at some future time.

Secretary Schlesinger also was asked whether he would approve the sending of arms to the People's Republic. He said, in effect, "We will have to face that question when it arises, but I think it should be treated on the same basis as the Soviet Union."

I, too, think that the People's Republic should be treated on the same basis as the Soviet Union. Furthermore, I would like to see a most-favored-nation treaty executed between Peking and Washington. I believe that if we are going to further normalize relations, that is one of the steps we should take, though I do not believe that we should in any sense, in any way, in any shape, in any form, try to force arms on Peking.

One, it will be counterproductive; two, I do not think there have been any contacts with Peking in that respect; three, I believe that the Chinese look upon themselves as being perfectly capable of producing their own armament.

The Secretary also indicated that so far as nuclear weapons were concerned, we were not behind the Soviet Union. In That respect, it is my understanding that Peking has not been accelerating its nuclear programs but has continued to maintain a steady pace and only for defensive purposes. He did indicate that we were behind in conventional forces, which I assume to mean infantry, the Army, ships, seapower, the Navy. But I point out that we do have more than 2 million men under arms, scattered in too many parts of the world, stationed there for too long and at too great a cost.

I was interested in the Secretary's reference to the People's Republic, because I think this Nation has been paying too little attention to the nations across the Pacific. I point out that, as far as the People's Republic is concerned, it has somewhere between 850 and 900 million people, practically one-quarter of the population of the globe.

At the other end of Asia, I point out that Saudi Arabia, with an estimated 7 million people, has approximately one-fourth of the oil reserves in the world. So I hope we shall pay more attention to that part of the globe, recognize its significance as far as we are concerned, and be aware of the potentials which may arise from time to time. We should keep our eyes and our ears open, so that we will not place undue stress on other parts of the world at the expense of our relations with the Asian Continent. It is important that we better understand what transpires in that part of the world.

Getting a little bit closer to home, I am glad to note that on today, negotiations are beginning between the Republic of the Philippines and the U.S. Government relative to the future status of our bases in the Philippine Republic, notably at Subic Bay and Clark Feld. I have no doubt that those negotiations will be successful. It will take a little give and take on both sides, but because of the inherent friendship and the deep necessity for maintaining these bases, I feel quite certain that, before too long, an amicable settlement will be reached which will satisfy both the Philippine and the American people. I wish to include at this point in the RECORD an excerpt of a report which I made to the Foreign Relations Committee in October 1975. The excerpt deals with the Philippines and the question of U.S. military bases in that country.

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

IV. UNITED STATES-PHILIPPINE RELATIONS

The Philippines have seen incursions of many peoples—Borneans, Indians, Chinese, Arabs, Indonesians, Spaniards, Americans and others. All have left traces, large and small, in the nation's culture. Of these, the American is, of course, the most recent and one of the strongest. The impact which resulted therefrom is only now in the process of being fully absorbed into the mainstream of Filipino life.

In the sphere of government-to-government relations, for example, there are still U.S. controlled and operated military bases in the Philippines. Until very recently, too, special trade and investment arrangements were in effect. In these, and in other ways,

aspects of the pre-World War II dependent relationship were carried over for three decades in a sort of half-way house to full independence.

The Republic of the Philippines is now clearly on the final stretch of that course. At home, the political system transplanted from the United States is no longer operative in its original form. Abroad, what was once an almost automatic concurrence in the course of U.S. foreign policy has been replaced by a pursuit of independent Philippine national objectives. While not abandoning defense agreements with the United States, Philippine foreign policy is presently aimed at establishing good relations with all the great powers and stronger cooperatives arrangements in Southeast Asia, as well as with other developing nations.

FOREIGN POLICY AND UNITED STATES-PHILIPPINE RELATIONS

While the sudden end of the U.S. involvement in Indochina appears to have produced this shift in Philippine foreign policy, the fact is that the changes have been underway for a long time. In a larger perspective, they can be seen to emerge from the sense of Philippine nationalism and Asian identity which has been growing for many years. Heretofore, these inner forces were not readily perceived because of the persistence of strong elements of the prior dependent relationship with the United States. Therefore, it is more accurate, in my judgment, to state that it is not that the Filipinos are losing confidence in the United States as some have contended; but, rather that they are gaining confidence in themselves.

In a speech on May 23, 1975, President Ferdinand E. Marcos outlined these guidelines for a new foreign policy:

"First, to intensify, along a broader field, our relations with the members of ASEAN;

"Second, to pursue more vigorously the establishment of diplomatic relations with Socialist states, in particular with the People's Republic of China and with the Soviet Union;

"Third, to seek closer identification with the Third World with whom we share similar problems;

"Fourth, to continue our beneficial relationship with Japan;

"Fifth, to support the Arab countries in their struggle for a just and enduring peace in the Middle East; and

"Finally, to find a new basis, compatible with the emerging realities in Asia, for a continuing healthy relationship with the United States."

As a result of a visit to Peking by President Marcos in June, 1975, the Republic of the Philippines established diplomatic relations with China. Such ties also exist with all of the Communist nations of Eastern Europe, except Albania and the Soviet Union and formalization of relations with the latter is expected to be only a matter of time.

Efforts are being made to establish relations with successor governments in Indochina. At the time of my visit, however, the new government in Cambodia had not responded to a Philippine statement of recognition. Talks have been under way in Paris on the establishment of diplomatic relations with North Vietnam but initiatives have not yet been taken on the resumption of relations with Saigon.

The Philippines is a strong supporter of ASEAN which is seen as something of a fulcrum. Through this medium, Manila is seeking greater cooperation on economic matters and the creation of a "zone of peace, freedom, and neutrality" in Southeast Asia. The Republic is also moving to establish better relations with other Third World nations. One aspect of policy bears a relationship to the Muslim problem in the south since the Middle Eastern nations are sympathetic to their co-religionists in the Philippines. They are also the source of most of the petroleum used in the Republic. In Saudi Arabia, an impression was conveyed that the Arab states were prepared to do what they could to promote a reconciliation between the Muslims and Manila.

In Philippine eyes, as well as in Thailand's the SEATO organization has outlived its usefulness. However, the question of the Manila Pact has not yet been addressed, although it adds little to Philippine security since it overlaps the bilateral Mutual Security Treaty with the United States.

President Marcos has called for a reexamination of all U.S.-Philippine security arrangements. These arrangements consist of a Military Base Agreement which dates from 1947 and runs until 1991, a Mutual Security Treaty entered into in 1952, and a 1955 Military Assistance Agreement which forms the framework for the U.S. military aid program. The stress of the President's proposal is on the base accords.[1]

As a Pacific nation, the United States has interests in the region which are as extensive as the ocean; retention of the mutual security treaty with the Philippines is, presently, a major element in the military protection of those interests. Conversely, Philippine security comes under the umbrella of the same treaty. There is no desire on our part or on the part of Manila to terminate this accord. If anything, the latter's concern is that operation of the pact be more automatic. In this connection, the continued presence of U.S. forces at Clark Field and the Subic Bay Naval Base does act as something of an assurance of our immediate involvement in any attack on the islands.

The Air Force Base at Clark Field, 52 miles north of Manila, spreads over 131,000 acres, making it greater in size than the combined area of all U.S. air bases outside the continental United States. It covers such a vast area that squatters operating surreptitiously are said to have raised an estimated $10 million worth of sugar cane on base lands last year. The Subic Bay Naval Base complex occupies 36,000 acres of land and encompasses 26,000 acres of water. Much of the land within the boundaries of both bases is not used for direct military purposes.

Fifteen thousand U.S. servicemen are stationed at the bases, and they are supplemented by 47,000 Filipino employees. The 1974 budget for Clark and Subic was $232 million. The bases represent a major investment for the United States, a major payroll for the Philippines and the principal current issue between the two countries.

The Manila government has announced that in negotiations for a new base agreement, it will be guided by these principles: to give added impetus to Philippine self-reliance, to enhance respect for the territorial integrity and sovereignty of the Philippines and to help maintain a balance of power in the region. The United States has acknowledged Philippine sovereignty over the base area but, in fact, continues to exercise aspects of sovereignty. These carryovers of the former colonial relationship are a major point at issue. What concerns the Philippines was clearly stated by President Marcos on July 7, 1975.

"We want to put an end to the practice of extra-territoriality in our country in keeping with the developments of our times. We want to assume control of all U.S. bases and put them to a productive economic, as well as military use."

[1] The texts of the base agreement and the treaty are included in the appendix.

Negotiation of a new status for the bases, from the Philippine point of view, involve three main issues: (1) "Filipinization" of the bases for commercial purposes and economic development which can be on a joint basis; and (3) return of portions of the base lands.

Difficult negotiations may be ahead. It should be reiterated, however, that the Philippines government stresses that it has no desire to embarass the United States. Nor, should it be added, do the U.S. commands at the bases fail to recognize that the old days of the dependency are over. Our forces can remain usefully in the Philippines only if their presence accords with today's realities which include a heightened sense of Philippine nationalism and a strong emphasis on self-reliance.

On the part of the Philippines, there is a contemporary value in the contribution which the bases can continue to make to Philippine security, to regional stability, and to the economy. On the part of the United States the bases, as noted, are elements in the defense of the United States and its interests in the Pacific. The need is for a new relationship which will reflect these mutual interests in the light of altered circumstances. If both U.S. and Filipino officials approach the negotiations with a realistic understanding of their own and each other's needs, there is every reason to expect that a satisfactory agreement can be reached promptly.

POLITICAL AND ECONOMIC SITUATION

The Philippines has been governed under marital law since 1972. President Marcos, who was twice elected under the old U.S. sponsored Constitution, has served as chief executive since 1965. His announced goal is the areas of "peace and order" land reform; eco- "founded on social justice, the equal sharing of the increments of development, and participatory democracy" with reforms in the areas of "peace and order, land reform; economic development; the enhancement of moral values; government reorganization; educational reforms, and social services." Although the President has not announced plans to create a National Assembly as called for under a new 1973 Constitution, plebiscites have been experimented with from time to time in forms adapted from old indigenous political practices. The President recently referred to the possibility of forming an appointed consultative body, a Legislative Advisory Council.

There is no indication of when marital law will end. Nor are there any indications of a broad public demand for its termination. Visible evidences of marital law are few; there are far fewer uniforms, for example, on the streets of Manila than on those of Washington. For all practical purposes, the system amounts to rule by Presidential decree, with curbs on civil liberties. While the Catholic hierarchy, as such, is not actively aligned against marital law, some opposition does come from segments of the Church, particularly those which include a number of foreign clergy. A few members of the proscribed legislature are also outspoken critics. So, too, are certain old Filipino families of great wealth whose holdings and influence have been drastically curtailed and who charge that these prerequisites have been shifted to others. In general, however, the improvements in public safety and economic well-being which are associated with marital law have won, at a minimum, general acquiescence.

There are two major insurgency problems in the Philippines. Both have roots which stretch back into pre-independence days. One is the New People's Army (NPA). It is a guerrilla organization based on Luzon which has an ideological base derived from Chinese

communism. Its basic armed strength is estimated of 1,800. There is also the Muslim rebellion in the south centered in Western Mindanao and the Sulu Archipelago.

The rebellion traces back to ancient disputes between the Muslims who first occupied Mindanao in the 12th Century and the Christians who arrived centuries later. It is a controversy which has been fueled in recent years by aid to the insurgents from Libya and Sabah and by enroachments on Muslim lands from an expanding Christian population intent on economic development. Estimates idicate that there are at least 5,000 Muslims under arms. The insurgency is a sensitive issue for the government internally since Muslims make up about 7 percent of the population. There is also concern over sympathy for the rebels from abroad which might lead to endorsement of a more activitist policy by Muslim nations, especially those in a position to cut off most of the petroleum supply of the islands.

The Philippine military, which takes 15 percent of the national budget, has more than doubled in size largely because of the rebellion. About 80 percent of the combat forces are tied up in the south where they are suffering substantial attrition. About 75 were killed in action monthly during the first half of this year. According to U.S. officials, no U.S. military personnel are permitted to go into the combat areas and no U.S. personnel are involved in the military situation.

In Saudi Arabia, as noted, indications were received of the possibility of a negotiated settlement of the insurrection. It was said that agreement on a cease-fire hinged on autonomous status for Muslim areas within the Republic and a government-sponsored program of extensive social improvements. As of this writing, however, the government and the rebels seem as far apart as ever on the specifics of autonomy. Nor is there much likelihood of social and economic improvements being carried out in any substantial way while fighting is in progress.

Notwithstanding these internal difficulties, the performance of the Philippines' economy reflects considerable improvement over past years. The 34 percent rate of inflation in 1974 has declined drastically. Food prices are in creasing now at an annual rate of only 5.5 percent while non-food prices are going up 8.4 percent. By conservative appraisals, it is expected that the overall rate in 1975 will be 15–20 percent.

The Philippine Government takes an active role in the economy which includes the planning of development and the imposition of price controls on some commodities. The reliance on imports is still heavy in order to meet consumer needs but this is expected to change as the new stress on independence and self-reliance extends more deeply into the nation's economic life. Last year exports were $2.7 billion and imports $3.1 billion. Nevertheless, the year ended with a $50 million favorable over-all balance of payments due to foreign capital inflow, foreign aid and tourism. It is estimated that the trade deficit for 1975 may reach $700 million, due in large measure to the decline in sugar prices and depressed market conditions for coconut products and lumber and the increase in the prices of imported items.

Japan is the leading exporter to the Philippines and the United States is second with 23 percent of the market. Forty-three percent of Philippine exports go to the United States and in 1974 they produced for that nation a favorable bilateral balance of $400 million. Private and official U.S. credits to the Philippines total nearly $3 billion; U.S. equity investments have an estimated market value of $2 billion.

The expiration of the Laurel-Langley Agreement in July, 1974 ended all remaining bilateral tariff preferences with the Philippines. At the same time, U.S. firms lost their exemptions from general Philippine restrictions on foreign investment. This adjustment has been brought about without major problems and U.S. firms are reported to be doing well in the new situation. Negotiations have not yet commenced on a new treaty of commerce but the way has now been cleared by the passage of the 1974 Trade Act.

The Philippines receives assistance, mostly loans, from the United States and from international institutions. U.S. economic aid totaled $56 million in fiscal year 1975. At the same time, the World Bank provided $209 million in loans and is expected to furnish $250 million for FY 1976. Assistance is also provided through the Asian Development Bank which is headquartered in Manila, with some $100 million expected from the Bank in the current fiscal year.

While foreign investment is welcomed, it is admitted on a selective basis which is designed to enhance economic self-reliance and balanced development. Except in unusual circumstances, such as in newly opened areas, foreign equity is limited to 40 percent.

There is still a great gap in living standards between urban and rural areas. However, emphasis in development is being put on the rural areas and there are indications that its share of national income is increasing.

With one of the highest birth rates in the world, the Philippine population is growing rapidly. From 20 million at the time of independence in 1946 the increase has been to 42 million today and the total could reach 100 million by the end of the century. A majority of the country's population is under 16 years of age. In practical terms, the growth rate each year means 2 million mouths to feed and a requirement for 600,000–700,000 new jobs.

PETROLEUM

Exploration for petroleum offers the possibility of adding a strong stimulus to the Philippines economy. Thirteen major groups, primarily Filipino-U.S. ventures, hold consessions both onshore and offshore notably in the sea west of the island of Palawan. No Strikes have yet been reported but extensive test-drilling has not yet taken place so it is too early to estimate the prospects.

All of the country's requirements of 70 million barrels of crude per day are now imported. The Mideast is the major source but increased amounts are coming from other sources such as Sarawak, Indonesia, and the People's Republic of China. Whatever the outcome of its own petroleum exploration, the Philippines intends to achieve independence from fossil fuels through development of geo-thermal resources and nuclear power. It is expected that this goal will be reached on the main island of Luzon by 1985.

SUMMARY

In summary, the Philippine Republic is experiencing a period of growing national assertion and economic progress. At the same time, its ties with the United States which go back three quarters of a century are in transition. What is involved in this transition of principal concern to the United States are the vestiges of the previous dependency relationship which, in my judgment, no longer accord with the enduring interests of either nation. There is a need for a reshaping of attitudes and arrangements which will reflect the changes that have taken place within the Philippines and in the Pacific and the world. The future of the Philippines is bright and so, too, can be the outlook for continued cooperation and beneficial interchange with the United States if the adjustments which are now required are made in good time and are managed with sensitivity and understanding—on both sides.

## APPOINTMENT BY THE VICE PRESIDENT

The ACTING PRESIDENT pro tempore. The Chair, on behalf of the Vice President, pursuant to Senate Resolution 109, 94th Congress, appoints the Senator from Utah (Mr. Moss) to the temporary Select Committee To Study the Senate Committee System in lieu of the Senator from Georgia (Mr. NUNN) resigned.

## ORDER OF BUSINESS

Under the previous order, the Senator from Virginia (Mr. BYRD) is recognized for not to exceed 15 minutes.

## BUDGET REFORM NO REFORM

Mr. HARRY F. BYRD, JR. Mr. President, when the vote comes later today on Senate Concurrent Resolution 109, I shall vote against this resolution.

This resolution would put the Senate on record as saying that the appropriate level of spending by the Federal Government for fiscal year 1977 is $412 billion. It specifies that the appropriate deficit is $50 billion. It specifies that the appropriate total for the national debt at the end of the next fiscal year is $711 billion.

I do not agree with any of those figures. I do not think any of those figures is appropriate.

I think it is very unwise for Congress to spend at the rate that it contemplates spending. A $412 billion figure is a tremendous increase in spending over the current fiscal year.

In regard to the national debt, the Under Secretary of the Treasury testified several weeks ago before the Senate Committee on Finance that the national debt at the end of June 30 this year would be $621 billion. If this resolution is adopted, the national debt, at the end of the next fiscal year, will be $711 billion. That means that $90 billion will have been added to the national debt in the short period of time before June 30, 1976, to October 1, 1977, the end of the fiscal year.

Mr. President, this Government has been on a deficit financing basis almost continually now for more than 20 years. The alarming aspect, insofar as the Senator from Virginia is concerned, is that the deficits are greater now than they have been in the past, and there is little to indicate that Congress is willing to attempt to get deficit spending under control. The interest on the national debt in the new budget will be $45 billion. To put it another way, 23 cents of every personal and corporate income tax dollar will be the cost of servicing the debt. I have concluded, Mr. President, that I cannot support this Senate Concurrent Resolution 109, and I shall vote against it when the roll is called later in the day.

In both size and costs the Federal Government, in my judgment, is literally out of control.

I think it is very important that Congress enact legislation to require a periodic review of the multitude of Federal programs. I plan to introduce legislation along that line in the next few days, as soon as I can get it in shape.

I already have testified on this subject before the Government Operations Committee, which has under consideration several proposals in the area of program review.

Something needs to be done about the proliferation of Government programs. The Federal Government is now operating more than 1,000 programs of domestic assistance, and it is spending about $9 billion a year on foreign aid.

In addition, it is essential, I think, to include a periodic review of regulations, which have multiplied to the point where the Federal Register in which they are published consists of over 50,000 pages a year.

Many of these regulations impose undue burdens on our free enterprise system, creating mountains of paperwork and forcing upward costs to the American consumer.

The continued proliferation of new Federal programs has the effect of forcing upward, of course, the cost of Government. Many of these programs are outdated, outmoded; some of them, many of them, no longer serve the purpose for which they were intended. Some have never served a worthwhile purpose. Others have ceased to serve whatever purpose they may at one time have served.

So I think that one step toward beginning to get Government spending under control is legislation to require a periodic review of the vast number of programs the Federal Government now has.

This is one mportant step which we can take to move away from the tremendous deficits the Government has been incurring, and toward a soundly based economy.

## THE RECKLESS LIFE OF NEW YORK CITY

Mr. HARRY F. BYRD, JR. Mr. President, the Washington Post this morning, April 12, 1976, published an excellent article by Columnist George F. Will. It deals with the financial condition of New York City. One sentence says this:

> The city is still living recklessly beyond its means and will not even consider the necessary stringencies until after the election.

I ask unanimous consent that this article be printed at this point in the RECORD, the article being captioned "The Reckless Life of New York City."

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

### THE RECKLESS LIFE OF NEW YORK CITY

(By George F. Will)

Treasury Secretary William Simon, who must hold some kind of record for hours devoted to congressional testimony, testifies with a forebearance you would not expect from a man with no prior experience at teaching remedial arithmetic to recalcitrant pupils.

Recently, he led some senators through addition and subtraction exercises, and then expressed, drolly, "cautious optimism" about New York City's short-term future. In a masterpiece of poker-faced testimony, Simon did not laugh even once when telling the senators that the city only needs "a will to cut spending."

Put plainly, Simon's evidence is that the city will become America's largest slum unless it takes politically arduous decisions regarding each hitherto sacrosanct matters as rent control and public employee perquisites.

Rent control is a middle-class subsidy; most poor people have arrived in New York too recently, or move too frequently, to benefit from it. It depresses rents in a period of rising costs, thereby encouraging abandonment of 30,000 rental units a year. It depresses the real estate tax base thereby forcing the city to rely on taxes that cause individuals and businesses to flee to the green Connecticut countryside. It also produces tax avoidance: By January, $1 billion in real estate, water and sewer taxes were uncollected.

The city council recently received the report of a blue-ribbon commission critical of rent control. Then the council, remembering that there are more tenants than landlords, extended rent control until the end of the decade.

Public employee perquisites now cost city taxpayers more than $2 billion annually—more than $8,600 per city employee. The current municipal budget provides $107 million in direct payments to municipal unions, which provide active and retired workers such services as free dental care and eyeglasses. Unlike most city governments and the federal government, New York pays 100 percent of the cost of employees' health insurance.

The city pays a normal 10 per cent differential for night work, but defines "night" to include 16 of every 24 hours. New federal employees get 13 days of vacation; new city employees get 20 days, and unlimited sick leave privileges. Many city employees work only 35 hours a week, others work 37. And under the "summer hours" program (adopted before buildings were air conditioned) they work even less.

A married employee who retires at 65 with 25 years service receives an after-tax retirement income equal to 125 per cent of his income in his last (and, usually, most remunerative) year on the job. In Atlanta that worker would receive 43 per cent of his last year's salary, in Chicago 47 per cent, in Dallas 52 per cent, in Los Angeles 54 per cent.

New York provides lovely benefits. Unfortunately the city can't afford them and is taxing its economy to death in a failing attempt to pay for them.

Union Carbide, the nation's second largest chemical corporation, is moving its corporate headquarters, and 3,500 jobs to Connecticut, where taxes are lower.

The city once was home of 140 of the nation's 500 largest corporations; today the number is 95 and falling, fast. Lesser fry also are emigrating. Schaefer brewing company is working up a more than one-beer thirst moving its brewery to Allentown, Pennsylvania, where real estate taxes are one-third of what they are in New York.

Small wonder that by 1980 New York State will have 313,000 fewer jobs than it had in 1970. The city's population is expected to decline 800,000 by the end of the century. That will have a ruinous effect on the city's only remaining resource, its political power to extract subsidies from Washington. Population already lost in this decade may cost the city up to $200 million a year in federal funds through the end of the 1970s.

The city is still living recklessly beyond its means, and will not even consider the necessary stringencies until after the election. City politicians and labor leaders continue to cling to one hope: There soon will be a Democratic President who will place the U.S. Treasury at the city's disposal, thereby enabling the city to live forever off other Americans' means.

## THE RIGHT TO FOOD

Mr. HARRY F. BYRD, JR. Mr. President, the Wall Street Journal, on April 8, 1976, had an excellent editorial dealing with the subject of the right to food. This editorial makes an important point, I think, when it calls attention to the fact that the problem with food shortages is rooted, to a considerable extent, in Government policies, particularly in efforts to impose rigid controls on agriculture. The editorial is speaking now not of the United States, but of controls which are put on agriculture in various countries throughout the world.

I ask unanimous consent that this editorial be printed at this point in the RECORD.

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

### THE RIGHT TO FOOD

Twenty-seven national religious leaders recently drafted a thoughtful appeal to Congress that is bound to stimulate widespread public discussion. The interfaith religious leaders said that until recently hunger was unavoidable for much of the human family, but now that we have the means to overcome hunger it is no longer acceptable. Every man, woman and child on earth has the right to a nutritionally adequate diet, they said, since the food to sustain life is a fundamental right that derives from the right to life itself.

The authors of this declaration do not seek villains or pretend that there are easy answers, which distinguishes their effort from some other notable statements issued in the name of religion. They explicitly point out that two resolutions currently before Congress, declaring that everyone has a right to food and that such a right is to be recognized as a cornerstone of U.S. foreign policy, "does not commit our nation to massive food handouts." Rather, they say, the resolutions "recognize the responsibility we have, in cooperation with other nations, of enabling hungry people to produce more food and to work their way out of hunger."

The religious leaders' concern is readily understandable: Famine and food shortages have plagued mankind since the beginning of time, yet finally mankind has the means to overcome hunger—provided that governments do not interfere. (Russian expert Adam B. Ulam notes in a recent issue of the New Republic that four to five million Soviet citizens starved in 1932–33 while the Stalinist government exported 1½ million tons of grain to obtain foreign currency for industrialization.) That's why we share the underlying suggestion in the clergymen's declaration that food and nutrition cannot be divorced from such considerations as population, economics and politics.

The religious leaders caution that "substantial gains against hunger will not be quick or easy or cheap," and that they "will require exceptional efforts on the part of rich and poor nations alike." But it seems

to us that foremost among those "exceptional efforts" is recognition that the problem of food shortages is rooted to a large extent in government policies, particularly in efforts to impose rigid controls on agriculture.

This is true in many nations but it is particularly true of Communist and socialist states, which continue to blame harvest failures on the weather and on everything other than the effects of state planning. It is no accident, and only partly the fault of bad weather, that Russia was the world's leading agriculture exporter before World War I, yet twice in recent years was required to purchase vast amounts of grain from the U.S.—whose agricultural methods it routinely criticizes as unscientific and wasteful.

Some influential Americans also describe U.S. agricultural methods as unscientific and wasteful, and their solution for modernizing is to impose ever wider controls. Regrettably, they have yet to make the connection between America's bountiful harvests and the fact that U.S. farmers enjoy considerable freedom. The proper solution is not to wrap them in a straitjacket of regulations and controls, but to encourage other nations to follow the U.S. example.

This means that Washington should redouble its efforts to share U.S. technical and scientific know-how with interested nations. It means we should do everything we reasonably can to ameliorate hunger and prevent starvation anywhere in the world. But it also means that we owe it to the underdeveloped world, as well as to home grown critics, to reiterate again and again that most countries have it within their power to stave off famine by merely liberating farms and farmers from the shackles of government master plans.

Mr. HARRY F. BYRD, JR. I yield back the remainder of my time.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the quorum call be rescinded.

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

Mr. MANSFIELD. Mr. President, how much time does the Senator desire?

Mr. HELMS. Less than 2 minutes.

Mr. MANSFIELD. I yield the Senator whatever part of my time is left, and I had 7 or 8 minutes.

Mr. HELMS. I thank the Senator.

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## SOLZHENITSYN'S WARNING TO THE WEST

Mr. HELMS. Mr. President, I would like to share with my colleagues an important interview with Alexandr Solzhenitsyn which was first broadcast on the BBC and more recently seen on William F. Buckley's "Firing Line."

From reports published in the British newspapers, Mr. Solzhenitsyn's comments on the decline of the West shook many Britons to the core. I do not know how many Americans were able to hear Solzhenitsyn's predictions, but those who did must have feared for the future of the free world. I hope that my colleagues who missed the American broadcast will, by reading the transcript, be able to give serious thought to where the West is headed.

It may surprise some to learn of the extremely high regard Solzhenitsyn and his generation had for the Western democracies. To use his own phrase: they "worshipped" the West. For years they had huddled around broken-down receivers to hear any scrap of news from the Western broadcasts. They had looked on the West as the "sun of freedom, a fortress of the spirit," their "hope" and "ally." They realized that it would be difficult to throw off the Communist tyrants on their own but they believed the West would help them in their struggle.

This high regard made their discouragement all the more poignant when it became evident that the West would not—or could not—aid them. Solzhenitsyn recounted the bewilderment that they felt when they discovered that they could place practically no hope in the West.

One would have hoped that after all his trials, Solzhenitsyn would have found his hope renewed in the West. But this has not been so. When asked by the BBC reporter what he thought the future held for his homeland, the Russian exile replied:

> At the moment the question is not how the Soviet Union will find a way out of totalitarianism, but how the West will be able to avoid the same fate.

Many Americans agree that Solzhenitsyn's fear for the future of the Western democracies is well-founded. He has outlined accurately the parallels between the Russian experience and our own moral and international decline. In his words:

> By some chance of history we . . . (the Russians) . . . have trodden the path the West is taking 70 or 80 years before the West. Many social phenomena are repeating what happened in Russia before its collapse.

He names only a few of the similarities that he has witnessed: The older generation yielding their intellectual leadership to the younger; people in authority afraid to go against the mainstream of opinion; the adulation of revolutionaries; and the abdication of responsibility by journalists and writers. I doubt that there are many Americans who would differ with his findings.

Mr. President, Solzhenitsyn brings us a sobering message. We must hope that the American people have not gone so far down the path that Solzhenitsyn has described that they do not have the will to turn around.

Solzhenitsyn is not optimistic about our future. He believes that most of his warnings have fallen on deaf ears. People do not want to hear them; thus they may be fated to live through the Russian experience themselves.

I pray that is not America's future and I believe that it need not be. If we heed Solzhenitsyn's warnings, we will have taken the first important step in reversing our decline.

Mr. President, I ask unanimous consent that the transcript of Solzhenitsyn's interview along with Mr. Buckley's conversation with Malcolm Muggeridge and Bernard Levin of the London Times be printed in the RECORD at the conclusion of my remarks.

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

FIRING LINE NEWSLETTER

THE VISION OF SOLZHENITSYN

"At the moment the question is not how the Soviet Union will find a way out of totalitarianism, but how the West will be able to avoid the same fate."—Aleksandr Solzhenitsyn.

This week, FIRING LINE departs from its usual format, for the purpose of presenting in America the BBC's stunning interview with Aleksandr Solzhenitsyn. The major part of the program is devoted to reproducing the interview itself, which has shaken the British public. Afterward, Mr. Buckley conducts a discussion with Malcolm Muggeridge, who needs no introduction to American viewers, and Bernard Levin of the London *Times*. We think it is a program no viewer will forget.

*Mr. Buckley's introduction*

On the first of March, in Great Britain, the BBC ran an interview of Aleksandr Solzhenitsyn, conducted by Mr. Michael Carlton of the BBC staff. As happens only once in a decade or so, it was one of those broadcasts that stopped people cold. It was a blow at the solar plexus of the kind that first numbs, and then revives; and one could not, in the ensuing days, distinguish the political predispositions of the critics by what they said. For a moment, a brief moment perhaps, all trivial differences were put aside, as beneath consideration. England had not heard the like of such a performance, one critic said, since Garibaldi united the British Isles in support of Italian unity. Solzhenitsyn's theme is both grander, and more painful. Reaching for an appropriate response by the West, the critic of the Times Mr. Bernard Levin wrote these bitter words: "So what can we do with Solzhenitsyn? Well, if I may conclude with a modest proposal, I suggest that the West, when he has provoked it a little further, should, possibly under the auspices of the United Nations General Assembly, formally condemn him to death, and execute him either by obliging him to drink hemlock, or by crucifixion. After all, the two most noted figures in history who respectively experienced those fates were condemned, whatever the ideological niceties involved, principally because they told their own societies truths that made those societies uncomfortable, and since our own society is even more averse to discomfort than those were, it seems only fitting that the man who is, mutatis mutandis, doing much the same thing to us should suffer a like fate. Meanwhile, at any rate, I can look at the hand that shook the hand of the man who shook the world, and, if he will allow me, say: 'Alexandr Isayevitch, do not despair just yea. We understand.' "

We shall proceed to show the full interview, uncut. In the remaining few minutes, we shall have comments on it from Mr. Levin and from Mr. Malcolm Muggeridge, well known on this program as everywhere else, who, I guess it is accurate to say, was the first critic in the Western world to hail the unique mission of Aleksandr Solzhenitsyn.

*From the Solzhenitsyn interview*

In the Fifties after the end of the war we literally worshipped the West. We looked upon the West as being the sun of freedom, a fortress of the spirit, our hope, our ally. We all thought that it would be difficult to liberate ourselves but that the West would help us to rise from slavery. Gradually in the course of decades and years, this faith began to waver and to fade.

The West has made so many concessions, that now a repetition of the angry campaign which got me out of prison is practically im-

possible. I would say that the campaign to get Sakharov to Sweden was almost as strong, but, however, it didn't help, because the West itself has become weak over this period. Its position has become weaker. Moscow now takes infinitely less note of the West.

I am not a critic of the West. I am a critic of the weakness of the West. I am a critic of a fact which we can't comprehend: how one can lose one's spiritual strength, one's will power, and possessing freedom not to value it, not to be willingness to make sacrifices for it.

Over the last two years, terrible things have happened. The West has given up not only four, five, or six countries, the West has given up all its world positions. The West has given everything away so impetuously, has done so much to strengthen the tyranny in our country, that today all these questions [of reforming the Soviet system] are no longer relevant . . .

At the moment the question is not how the Soviet Union will find a way out of totalitarianism, but how the West will be able to avoid the same fate.

Those people who have lived in the most terrible conditions, on the frontier between life and death, be it people from the West or from the East—they all understand that between good and evil there is an irreconcilable contradiction, that it is not one and the same thing—good or evil—that one cannot build one's life without regard to this distinction. I am surprised that pragmatic philosophy consistently scorns moral considerations; and nowadays in the Western press we read a candid declaration of the principle that moral considerations have nothing to do with politics.

I would remind you that in 1939 England thought differently. If moral considerations were not applicable to politics then it would have been quite incomprehensible why on earth England went to war with Hitler's Germany. Pragmatically, you could have got out of the situation; but England chose the moral course and experienced and demonstrated to the world perhaps the most brilliant and heroic period in its history.

I wouldn't be surprised at the sudden and imminent fall of the West. I would like to make myself clear: the situation at the moment is such, the Soviet Union's economy is on such a war footing, that even if it were the unanimous opinion of all the members of the Politburo not to start a war, this would no longer be in their power.

I don't understand at all why Bertrand Russell said "Better red than dead." Why did he not say it would be better to be brown than dead? There is no difference. All my life and the life of my generation, the life of those who share my views, we all have one standpoint: better to be dead than a scoundrel. In this horrible expression of Bertrand Russell there is an absence of all moral criteria.

*From the commentary by Messrs. Muggeridge and Levin*

LEVIN. In contradistinction to a lot of the tittering, mincing comment that has been publicly made about Solzhenitsyn, I think one of the things that has gone wrong with this country is that too much of the public comment has been of the kind that dismisses a man like Solzhenitsyn because it is uncapable of taking the measure of him; and that therefore a lot of what you might call private comment is unwilling or at any rate unable to formulate those feelings. And that is why the effect of a man like this is so great: because he comes in effect to tell us what we already know, and to strengthen that belief in us.

MUGGERIDGE. Solzhenitsyn is the greatest man now alive in the world. It's rather sad to think that the President of the United States, who receives a great many people, didn't think it worthwhile, when he was there, to receive him. It's something that will be in history books in a way.

MUGGERIDGE. Bill, one more point of hope, which is the biggest point of all: This regime, of which after all Solzhenitsyn is a product—he was born into the Soviet regime—has set itself to fashion a type of human being who would fall in with their standards, their arrangements. Now the world sees that man, and listens to that man, and realizes that that idea of what they call in their rather horrible way "social engineering" has been a total failure and fiasco. . . . [It has been said that] if you encase the earth in concrete, there would still be a crack, and through that crack something would grow.

LEVIN. This is a curious paradox. The thing I took away from that interview very strongly is that feeling of what I can only call exhilaration. And yet the message, after all, that he is giving us is that the West is in a terrible plight, weak because she is morally weak, could be crushed in a moment—this is what he is saying from beginning to end, and yet one comes away not in despair, but in hope. And I think the reason for that is not that he is telling us anything we didn't already know—there were no revelations in that interview, after all—but that he touched in us a chord that was ready for such a man.

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[From "Panorama," a filmed interview between Michael Charlton and Alexander Solzhenitsyn]

INTERVIEW

CHARLTON. Aleksandr Isaech. When Mr. Brezhnev and the politburo took the decision to exile you abroad rather than send you once more to a concentration camp, they must have believed that you would do less damage to the Communist state outside the Soviet Union than inside it. So I wonder if you believe that time will prove that judgement to be correct.

SOLZHENITSYN. In the way you put that question there is a certain false assumption. If one puts the question in this way we assume that the Politbureau is all-powerful and independent in decisions it makes, that it was free to decide one way or another. I must say that at the time of my exile the situation was very unusual. I wrote about this some time ago. In the autumn of 1973 the support of western public opinion for Sakharov and myself in our head-on confrontation, as I have called it, was so powerful, so unyielding, support such as the West had not demonstrated for a long time, such firmness, such steadfastness that the Soviet Politbureau simply took fright. It did not have complete freedom of choice either to keep me in prison or to exile me, they simply took fright at this anger, this storm of indignation in the West and were forced to give way. This was a forced concession. For that reason, I think that now, even if they regret it—and I imagine they do regret it—we must remember that they, in effect, had no choice. That was a rare moment when the West demonstrated unprecedented firmness and forced them to retreat.

CHARLTON. On the other hand, they would be right, wouldn't they, if you felt that your warnings, or your beliefs, fell upon deaf ears in the West. You would then cease to be relevant, and that presumably is what they hope?

SOLZHENITSYN. Yes, if one looks at it from this point of view, you are right. My warnings, the warnings of others, Sakharov's very grave warning directly from the Soviet Union—these warnings go unheeded, most of them fall, as it were, on the ears of the deaf—people who do not want to hear them. Once I used to hope that experience of life could be handed on nation to nation, and from one person to another. . . . But now I am beginning to have doubts about this. Perhaps everyone is fated to live through every experience himself in order to understand.

CHARLTON. Well you are in the unique position to watch, now, a debate in both East and West, which to a large extent has been inspired, or has been focused, by your own experiences and your writings. How important is the experience of the Russian people for the West?

SOLZHENITSYN. In actual fact our Russian experience—when I use the word "Russian" I always differentiate it from the word "Soviet"—I have in mind here even pre-Soviet experience, pre-revolutionary experience. In actual fact our Russian experience is vitally important for the West, because by some chance of history we have trodden the path the West is taking 70 or 80 years before the West. And now it is with a rather strange sensation that we look at what is happening to you when many social phenomena are repeating what happened in Russia before its collapse. Our experience of life is of vital importance to the West, but I am not convinced that you are capable of assimilating it without having gone through it right to the end yourselves.

CHARLTON. Give me an example of what you mean by the Russian experience being repeated in the West.

SOLZHENITSYN. You know, one could quote here many examples, for example a certain retreat by the older generation, yielding their intellectual leadership to the younger generation. It is against the natural order of things for those who are youngest with the least experience of life, to have the greatest influence in directing the life of society. One can say then that this is what forms the spirit of the age, this current of public opinion, when people in authority, well-known professors, scientists are reluctant to enter into an argument even when they hold a different opinion. It is considered embarrassing to put forward one's counter-arguments, lest one becomes involved. And so, there is a certain abdication of responsibility, which is typical here where there is complete freedom. Let us take the press, writers, journalists, who enjoy great freedom—(and incidentally Russia enjoyed great freedom, the West has a completely false view of Russia before the revolution)—whilst enjoying such great freedom the journalists and writers lose their sense of responsibility before history, before their own people. Then there is now this universal adulation of revolutionaries, the more so the more extreme they are! Similarly, before the revolution we had in Russia, if not a cult of terror in society, then a fierce defense of the terrorists. People in good positions, intellectuals, professors, liberals spent a great deal of effort, anger and indignation in defending terrorists. And then the paralysis of governmental power. I could give you many more analogies.

CHARLTON. Well, as you say though, it is this West which has made it possible for people like you to survive and you acknowledge that. But how would you say that your two years in the West now, in view of what you have just said, has re-shaped your views? You are obviously more pessimistic now than you were when you came.

SOLZHENITSYN. I must say that in relation to the West my generation—I am not going to speak only about myself personally, and when I say my generation, I have in mind people who shared my fate, that is to say the soldiers of the Second World War and then the prisoners, this was after all the common fate of so many. As I was saying my generation went through several stages. In the fifties after the end of the war we literally worshipped the West. We looked upon the West as being the sun of freedom, a fortress of the spirit, our hope, our ally. We all thought that it would be difficult to

liberate ourselves but that the West would help us to rise from slavery. Gradually in the course of decades, and years, this faith began to waver and to fade. We received information about the West only with difficulty, but we even learned to listen through the fiercest jamming, to for example, your BBC. We realised with bewilderment that the West was not showing that firmness and that interest in freedom in our country as well, it was as if the West was separating its freedom from our fate and before I was exiled I had already strong doubts whether it was realistic to look to the West for help. It is precisely on this that my opinions differ from those of Sakharov; Sakharov considers that help from the West is of decisive importance for our liberation while I believe that we can obtain freedom only by relying upon ourselves, and that one can place practically no hopes on the West. And when I came here my doubts unfortunately increased very rapidly. But the point is, of course, that during these two years the West itself has gone through a good deal. During these two years the West has become much weaker in relation to the East. The West has made so many concessions, that now a repetition of the angry campaign which got me out of prison is practically impossible. I would say that the campaign to get Sakharov to Stockholm was almost as strong, but however it didn't help, because the West itself has become weak over this period. Its position has become weaker. Moscow now takes infinitely less note of the West.

CHARLTON. Can I suggest that perhaps one of the difficulties in your own case is this—and you've become a controversial figure in the West. You are no longer the quiet tourist in the West. You are in some respects an impassioned critic. And I think that the people in the West who criticise you—and of course, not all do—believe that you are asking for a return to something in Russia that is plainly impossible, a return to a patriarchal kind of Russia, a return to orthodoxy. Are those criticisms that you accept?

SOLZHENITSYN. You know, that is one of the consequences of the weak sense of responsibility of the press. The press does not feel responsibility for its judgements, it makes judgements and sticks on labels with the greatest of ease. Mediocre journalists simply make headlines of their conclusions which suddenly become the general opinion throughout the West. You have just enumerated several propositions and practically all of them are not true. Firstly I am not a critc of the West. I repeat that for nearly all our lives we worshipped the West—note the word "worshipped". We did not admire it, we worshipped it. I am not a critic of the West. I am a critic of the weakness of the West. I am a critic of a fact, which we can't comprehend, how one can lose one's spiritual strength, one's will-power, and possessing freedom not to value it, not to be willing to make sacrifices for it. A second label—just as common—was pinned on me, that I wanted to return to a patriarchal way of life. Well, as I see it, apart from the half-witted, no normal person could ever propose a return to the past, because it's clear to any normal person that one can only move forward. That means that choice lies only between those movements which go forward and not backwards. It is quite easy to imagine that some journalist writing mostly about women's fashions thought up this headline, and so the story gets around that I am calling for a patriarchal way of life. I'll just cite one more example: take the word "nationalist"—it has become almost meaningless. It is used constantly. Everyone flings it around, but what is a "nationalist"? If someone suggests that his country should have a large army, conquer the countries which surround it, should go on expanding its empire, that sort of person is a nationalist. But if, on the contrary, I suggest that my country should free all the peoples it has conquered, should disband the army, should stop all aggressive actions—who am I? A nationalist! If you love England, what are you? A nationalist! And when are you not a nationalist? When you hate England, then you are not a nationalist.

CHARLTON. Well, you make very eloquently the point that you're not going back in the sense of a return to the old Russian imperialism, but I'm not sure how you go forward as you claim you would. What is the way out of this world of tensions and oppression in the Soviet Union that you so eloquently describe? If the West cannot help, what is the way forward for the Russian people? What will happen?

SOLZHENITSYN. You have just used the expression "for us", by which you mean the Soviet Union—do I understand you correctly? You know, two years ago and three years ago this question was topical, that is to say, it was possible to believe that we inhabitants of the Soviet Union could sit down and consider our future. The Soviet leadership was experiencing so many difficulties, so many failures, that it had to seek some way out, and indeed I thought that the way out was to seek the path of evolution, certainly not the revolutionary path. Not an explosion. And this time, this is where Sakharov and I agree. An evolutionary smooth path which would offer a way out of this terrible system. However, today all these suggested solutions have lost their practical value. Over the last two years, terrible things have happened. The West has given up not only four, five or six countries, the West has given up all its world positions. The West has given everything away so impetuously, has done so much to strengthen the tyranny in our country that today all these questions are no longer relevant in the Soviet Union. Opposition has remained, but I have already said many times that our movement of opposition and spiritual revival, like any spiritual process, is a slow process. But your capitulations, like all political processes, move very quickly. The speed of your capitulations has so rapidly overtaken the pace of our moral regeneration that at the moment the Soviet Union can only move along one path: the flourishing of totalitarianism. And it would be more appropriate if it were not you asking me which way Russia—or rather the Soviet Union (let us not get the two mixed) will go, but if I were to ask you which way the West is going? Because at the moment the question is not how the Soviet Union will find a way out of totalitarianism, but how the West will be able to avoid the same fate. How will the West be able to withstand the unprecedented force of totalitarianism? That is the problem.

CHARLTON. Why though do you think that people in the West have begun to feel uneasy with you? And it brings me to ask, in view of what you've just said, to this question of spiritual regeneration, moral regeneration, what is the central point for which you stand? After this enormously varied experience that you've had—you've been a teacher, a decorated war hero, an officer in the Soviet Army. You've been a cancer patient, you've been a political prisoner in concentration camps. What is the central point, in all that you say, that you stand for?

SOLZHENITSYN. Maybe, if one is to speak of my life experience, then I would say that my outlook on life has been formed largely in concentration camps—that part of my life which is reflected in the Gulag Archipelago. I don't know—whether as you put it—western listeners would find my words embarrassing—it is difficult for me to judge this kind of reaction, but I would put it like this: those people who have lived in the most terrible conditions, on the frontier between life and death, be it people from the West or from the East—they all understand that between good and evil there is an irreconcilable contradiction, that it is not one and the same thing—good or evil—that one cannot build one's life without regard to this distinction. I am surprised that pragmatic philosophy consistently scorns moral considerations; and nowadays in the western press we read a candid declaration of the principle that moral considerations have nothing to do with politics. They do not apply and should not so to speak be applied. I would remind you that in 1939 England thought differently. If moral considerations were not applicable to politics then it would have been quite incomprehensible why on earth England went to war with Hitler's Germany. Pragmatically, you could have got out of the situation. but England chose the moral course and experienced and demonstrated to the world perhaps the most brilliant and heroic period in its history. But today we have forgotten this, today the English political leaders state quite frankly that they not only recognize any power over any territory regardless of its moral character but even hasten to recognize it—even try to be the first to do so. Somewhere, in some places, freedom has been lost in Laos, China or Angola. Tyrants, bandits, puppets have come to power and pragmatic philosophy says: that doesn't matter, we have to recognize them. And what is more, one should not consider that the great principles of freedom finish at your own frontiers, that as long as you have freedom, let the rest have pragmatism. No! Freedom is indivisible and one has to take a moral attitude towards it. Perhaps this is one of the main points of disagreement.

CHARLTON. You mention Gulag Archipeligo—your famous document of life in Stalin's prison camps. Those books are so full of an overwhelming anger and bitterness. Is the aim of them simply the destruction of the Communist ideology, the destruction of at least its myths, or are they meant to be something else than that? Do you want to go beyond that?

SOLZHENITSYN. A work of art always consists of many parts, it has many facets, it has many sides and that means many aims. The artist cannot set himself political aims, the aims of changing a political regime, it may come out as a by-product of it, but to fight against untruth and falsehood, to fight against myths, or to fight against an ideology which is hostile to mankind, to fight for our memory, for our memory of what things were like—that is the task of the artist. A people which no longer remembers has lost its history and its soul. Yes, the main thing is to recreate. When I sit down to write this book—my only task is to recreate everything as it happened. That's my main aim. And naturally many deductions follow. If today the three volumes of Gulag Archipeligo were widely published in the Soviet Union and were freely available to all, then in a very short space of time no communist ideology would be left. For people who would have read all this and understood it, would simply have no more room in their minds for communist ideology.

CHARLTON. In one of your recent books—the portrait you paint of Lenin in Zurich—many people I think have noted perhaps a similarity between the two of you. The portrait you paint of a powerful character, Lenin, powerless to influence events inside the Soviet. . . . inside Russia as it was. Cut off, isolated, impatient. That does sound rather like you. A powerful figure, living in the same city today, in the west, perhaps powerless to intervene, cut off from your friends in the Soviet Union. Would you, like Lenin, be surprised, as he was, at a profound change in the Soviet Union taking place in your lifetime?

SOLZHENITSYN. You know, I have been

working on the image of Lenin for 40 years. From the moment when I conceived this series of books, I thought of Lenin as one of the central characters—if not the central character. I gathered every grain of information that I could, every detail, and my only aim was to recreate him alive, as he was.

CHARLTON. But in attacking Lenin, of course, you attack the legitimacy of the whole Soviet Government, of the Bolsheviks themselves. So I just ask you whether you feel perhaps yourself . . . you, in turn, as he did for revolution, will become a focus for this moral, spiritual regeneration inside the Soviet Union. I mean, are you saying that there will be this kind of spiritual revival which will in time overthrow the Communist system?

SOLZHENITSYN. I don't attack Lenin. I describe him as he is and what he is worth. So much incense has been kindled around him, in your country as well. He has been raised to such summits . . . I show in reality, how he was often shortsighted, how he treated his allies, collaborators, how weak were his ties with his own country. I don't attack him, but this ideology, to this ideology I am of course hostile. And the spiritual renaissance of our country lies in our liberation from his deadening, killing ideology.

CHARLTON. I'm trying to paint . . . or say . . . is it valid to suggest a strong comparison between yourself and Lenin. There was he, waiting in Zurich. Can't do anything about the internal situation and is quite surprised when the change comes. He, the great revolutionary. Would you be surprised if the change came?

SOLZHENITSYN. He was surprised because of his shortsightedness. You can see from my book that because of the narrowness of his party view he had lost sight of the simplest facts, he didn't know that the war was about to start, he was taken unawares by the World War and in the same way by the revolution. Two years ago I didn't expect any explosion in the Soviet Union, I expected a slow process and it was already taking place. Today, yes, I would be surprised but I wouldn't be surprised at something else: I wouldn't be surprised at the sudden and imminent fall of the West. I would like to make myself clear: the situation at the moment is such, that the Soviet Union's economy is on such a war footing, that even if it were the unanimous opinion of all the members of the Politbureau not to start a war, this would no longer be in their power. To avoid this, would require an agonising change from a monstrous war economy to a normal peace economy. The situation now is such that one must think not of what might happen unexpectedly in the Soviet Union, because in the Soviet Union nothing will happen unexpectedly. One must think of what might happen unexpectedly in the West. The West is on the verge of a collapse created by its own hands. This quite naturally makes the question one for you and not for us.

CHARLTON. And you say this from the moral standpoint of a devout Christian, I know, and truth for you is more important than consequences. But you are asking people to say that in the nuclear age—because the sword that hangs over everybody's heads is the electronic thread of the nuclear weapons. And I think this is one of the problems that you face when you are criticised now as being an enemy of detente. What alternatives are there to treating with the devil, as you would say, if the purpose of that is to avoid nuclear catastrophe?

SOLZHENITSYN. You know, there was a time at the beginning of the fifties when this nuclear threat hung over the world, but the attitude of the West was like granite and the West did not yield. Today this nuclear threat still hangs over both sides but the West has chosen the wrong path of making concessions. Nuclear war is not even necessary to the Soviet Union. You can be taken simply with bare hands. Why on earth then should one have nuclear war? If you have raised your hands and are giving in, why have nuclear war? They take you simply like that without nuclear war. The most important aspect of detente today is that there is no ideological detente. You western people, you simply can't grasp the power of Soviet propaganda. Today you remain British imperialists who wish to strangle the whole earth. All this is hidden beneath the thin crust of detente; to remove this crust will take only one morning: one single morning. You can't be turned away from detente so simply. To turn you away from your present position one would need a year or two. But in the Soviet Union one morning, one command is enough! Newspapers come out with the news that the British imperialists have become so brazen, that the situation has become intolerable. And nothing that is being said against you every day will contradict this. And detente—there is no detente, it's just gone. One can't raise the question of detente without ideological detente.

If you are hated and hounded throughout the press, in every single lecture—what sort of detente is that? You are shown up as villains who can be tolerated, well, may be, for one more day. That is not detente. As for the spirit of Helsinki—may I ask a question in my turn? How do you explain that, for instance, over the last few months there has been hardly any news coming out of the Soviet Union of the continuing persecution of dissidents. If you will forgive me, I will answer this myself. The journalists have bowed to the spirit of Helsinki. I know for a fact that western journalists in Moscow, who have been given the right of freer movement, in return for this and because of the spirit of Helsinki, no longer accept information about new persecutions of dissidents in the Soviet Union. What does the spirit of Helsinki and the spirit of detente mean for us within the Soviet Union?

The strengthening of totalitarianism. What seems to you to be a milder atmosphere, a milder climate, is for us the strengthening of totalitarianism. Here, for instance, I would like to give you a few examples, a few fresh examples which you will not have heard about over the radio or read in the papers, may I? Someone went to visit Sakharov, he went home by train and was killed on the way. No, it wasn't you, he was killed, it was a Soviet citizen. Someone knocks at the door of Nikolai Kryukov, they have come to fix the gas; he opens the door. They beat him up nearly to death in his own house because he has defended dissidents and signed protests. All this happens in a flat.

But on on a street at five o'clock in the afternoon on Lenin Prospect (Lenin!) Malva Landa is seized and dragged into a car. She screamed "citizens I'm being kidnapped," hundreds of people heard, passed by, they were afraid because anybody can be seized like that. Under the very eyes of passers-by, they shoved her into a car and took her to prison. That's the situation, that's the spirit of Helsinki and detente for us. And so it goes on. In Odessa Vyecheslav, Grunov has been arrested, possessing illicit literature and put into a lunatic asylum. They've released Plyusch, but continue to lock up others. There you have detente and the spirit of Helsinki.

CHARLTON. Aleksandr Isaech. That's a very powerful feeling in the West, throughout the fifties and sixties, and perhaps now—in fact a great British philosopher, Bertrand Russell, gave his support to the view "Better Red Than Dead". But are you saying that this policy of detente was formulated by the Soviet Government expressly for the purpose of preventing internal liberalisation in the Soviet Union. In other words, the Soviet Union was falling behind economically. In order to catch up it had to import American and West German technology. Otherwise it would have to scrap the whole system, and so it can only catch up by importing its technology from abroad and clamping down internally.

SOLZHENITSYN. Here, forgive me, there are several questions. Yes, it is the import of technology which is saving the Soviet Union. That's true. But I return to that terrible statement of Bertrand Russell: I don't understand at all why Bertrand Russell said "better red than dead". Why did he not say it would be better to be brown than dead? There is no difference. All my life and the life of my generation, the life of those who share my views, we all have one standpoint: better to be dead than a scoundrel. In this horrible expression of Bertrand Russell there is an absence of all moral criteria. Looked at it from a short distance these words allow one to manouevre and to continue to enjoy life. But from a long-term point of view it will undoubtedly destroy those people who think like that. It is a terrible thought. I thank you for quoting this as a striking example.

CHARLTON. But you are asking as an alternative for a return to something like the cold war tensions. And most people of course welcome detente as a respite from that, a break, something different. But would you agree that the alternative that you propose are likely to be a return to something like the tensions of the Stalin-Kruschev period?

SOLZHENITSYN. I would like to emphasize . . . you think that this is a respite, but this is an imaginary respite, it's a respite before destruction. As for us, we have no respite at all. We are being strangled even more, with greater determination. You recall the tension of the fifties, but despite that tension you conceded nothing. But today you don't have to be a strategist to understand why Angola is being taken. What for? This is one of the most recent positions from which to wage most successfully world war. A wonderful position in the Atlantic. The Soviet armed forces have already overtaken the West in many respects and in other respects are on the point of overtaking. The navy: Britain used to have a navy, now it is the Soviet Union that has the navy, control of the seas, bases; you may call this detente if you like, but after Angola I just can't understand how one's tongue can utter this word! Your defence minister has said that after Helsinki the Soviet Union is passing the test. I don't know how many countries have still to be taken, maybe the Soviet tanks have to come to London for your defence minister to say at last that the Soviet Union has finally passed the test! Or will it still be sitting the exam? I think there is no such thing as detente. Detente is necessary, but detente with open hands. Show that there is no stone in your hands! But your partners with whom you are conducting detente have a stone in their hands and it is so heavy that it could kill you with one single blow. Detente becomes self-deception, that's what it is all about.

CHARLTON. Can I ask you finally, as a great Russian patriot, what view you take of your own future?

SOLZHENITSYN. My own future is closely linked with the fate of my country. I work and have always worked only for it. Our history has been concealed from us, entirely distorted. I am trying to reconstruct this history primarily for my own country, maybe it will also be useful for the West. My future depends on what will happen to my country. But quite apart from this, the Moscow leaders have of course particular feelings toward me: so that my own destiny may be decided before that of my country: it is of course possible they may try to get rid of me completely before the fate of my country

changes for the better. I sometimes get news of that sort. When I came here I counted on returning very soon because the Soviet Union then was much weaker and the West was much stronger. But over these two years mutual relationships have changed greatly in favour of the Soviet Union.

CHARLTON. Mr. Solzhenitsyn, thank you.

## ORDER OF BUSINESS

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

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

## ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of routine morning business of not to exceed beyond the hour of 1 p.m., with statements therein limited to 5 minutes.

## SENATE CONCURRENT RESOLUTION 111—PROVIDING FOR A CONDITIONAL ADJOURNMENT OF THE CONGRESS FROM APRIL 14, 1976, UNTIL APRIL 26, 1976

Mr. MANSFIELD. Mr. President, I send to the desk a concurrent resolution, and ask for its immediate consideration.

The ACTING PRESIDENT pro tempore. The clerk will state the concurrent resolution.

The assistant legislative clerk read as follows:

A senate concurrent resolution (S. Con. Res. 111) providing for a conditional adjournment of the Congress from April 14, 1976 until April 26, 1976.

The ACTING PRESIDENT pro tempore. Without objection, the Senate will proceed to its immediate consideration.

The question is on agreeing to the concurrent resolution.

The concurrent resolution was agreed to, as follows:

S. CON. RES. 111

*Resolved by the Senate (the House of Representatives concurring)*, That when the two Houses adjourn on Wednesday, April 14, 1976, they stand adjourned until 12 o'clock noon on Monday, April 26, 1976, or until 12 o'clock noon on the second day after their respective Members are notified to reassemble in accordance with section 2 of this resolution, whichever event first occurs.

SEC. 2. The Speaker of the House of Representatives and the President pro tempore of the Senate shall notify the Members of the House and the Senate, respectively, to reassemble whenever in their opinion the public interest shall warrant it or whenever the majority leader of the House and the majority leader of the Senate, acting jointly, or the minority leader of the House and the minority leader of the Senate, acting jointly, file a written request with the Clerk of the House and the Secretary of the Senate that the Congress reassemble for the consideration of legislation.

SEC. 3. During the adjournment of both Houses of Congress as provided in section 1, the Secretary of the Senate and the Clerk of the House, respectively, be, and they hereby are, authorized to receive messages, including veto messages, from the President of the United States.

## QUORUM CALL

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

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. NUNN). Without objection, it is so ordered.

## MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Heiting, one of his secretaries.

## EXECUTIVE MESSAGES REFERRED

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

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

## PEACE CORPS ANNUAL OPERATIONS REPORT—MESSAGE FROM THE PRESIDENT

The ACTING PRESIDENT pro tempore (Mr. STEVENSON) laid before the Senate the following message from the President of the United States, which was referred to the Committee on Foreign Relations:

*To the Congress of the United States:*

I herewith transmit the Peace Corps Annual Operations Report for Fiscal Year 1975 as required by section 11 of the Peace Corps Act, as amended.

GERALD R. FORD.

THE WHITE HOUSE, *April 12, 1976.*

## MESSAGES FROM THE HOUSE

At 12:05 p.m., a message from the House of Representatives delivered by Mr. Berry, one of its reading clerks, announced that the House has passed the bill (H.R. 12438), to authorize appropriations during the fiscal year 1977 for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, and research, development, test, and evaluation for the Armed Forces, and to prescribe the authorized personnel strength for each active duty component and of the Selected Reserve of each Reserve component of the Armed Forces and of civilian personnel of the Department of Defense, and to authorize the military training student loads, and for other purposes, in which it requests the concurrence of the Senate.

The message also announced that the House has agreed to the following concurrent resolutions, in which it requests the concurrence of the Senate:

H. Con. Res. 305. A concurrent resolution providing for the printing of additional copies of the committee print entitled "Court Proceedings and Actions of Vital Interest of the Congress, Final Report for the 93d Congress, December 1974";

H. Con. Res. 536. A concurrent resolution to authorize the printing as a House document "Our Flag", and to provide for additional copies;

H. Con. Res. 537. A concurrent resolution to provide for the printing as a House document of the Constitution and the Declaration of Independence;

H. Con. Res. 538. A concurrent resolution providing for the printing as a House document of the Constitution of the United States (pocket-size edition);

H. Con. Res. 539. A concurrent resolution to print as a House document the Constitution of the United States; and

H. Con. Res. 540. A concurrent resolution to print as a House document "How Our Laws Are Made".

ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

At 1:15 p.m., a message from the House of Representatives delivered by Mr. Hackney, one of its reading clerks, announced that the Speaker has signed the following enrolled bills and joint resolutions:

S. 2445. An act to provide permanent changes in laws necessary because of the October-September fiscal year.

The enrolled bill was subsequently signed by the President pro tempore (Mr. EASTLAND).

S. 2444. An act to provide for the orderly transition to the new October 1 to September 30 fiscal year;

S.J. Res. 35. A joint resolution to provide for the designation of the week beginning March 13, 1977, as "National Employ the Older Worker Week";

H.R. 11598. An act to authorize appropriations for the United States Information Agency for fiscal year 1976 and for the period July 1, 1976, through September 30, 1976; and

H.J. Res. 491. A joint resolution to extend support under the joint resolution providing for Allen J. Ellender fellowships to disadvantaged secondary school students, and for other purposes.

The enrolled bills and joint resolutions were subsequently signed by the Acting President pro tempore (Mr. STEVENSON).

At 2:14 p.m., a message from the House of Representatives delivered by Mr. Berry, one of its reading clerks, announced that the House agrees to the amendments of the Senate to the joint resolution (H.J. Res. 890) making emergency supplemental appropriations for preventive health services for the fiscal year ending June 30, 1976, and for other purposes.

ENROLLED BILL SIGNED

The message also announced that the Speaker has signed the following enrolled bill:

H.R. 1465. An act to provide for the division of assets between the Twenty-Nine Palms Band and the Cabazon Band of Mission Indians, California, including certain

funds in the United States Treasury, and for other purposes.

The enrolled bill was subsequently signed by the President pro tempore (Mr. EASTLAND).

At 3:26 p.m., a message from the House of Representatives delivered by Mr. Berry, announced that the House has passed the bill (S. 2920) to name the building known as the Library of Congress Annex to be the Library of Congress Thomas Jefferson Building, without amendment.

The message also announced that the House has agreed to the concurrent resolution (S. Con. Res. 111) providing for a conditional adjournment of the Congress from April 14, 1976 until April 26, 1976, without amendment.

The message further announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3056) to amend the Foreign Assistance Act of 1961 to provide emergency relief, rehabilitation, and humanitarian assistance to the people who have been victimized by the recent earthquakes in Guatemala.

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 7988) to amend the Public Health Service Act to revise and extend the program under the National Heart and Lung Institute, to revise and extend the program of National Research Service Awards, and to establish a national program with respect to genetic diseases; and to require study and report on the release of research information.

## HOUSE BILLS AND CONCURRENT RESOLUTIONS REFERRED

The following bill was read twice by its title and referred as indicated:

H.R. 12438. An act to authorize appropriations during the fiscal year 1977 for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, and research, development, test, and evaluation for the Armed Forces, and to prescribe the authorized personnel strength for each active duty component and of the Selected Reserve of each Reserve component of the Armed Forces and of civilian personnel of the Department of Defense, and to authorize the military training student loads, and for other purposes; to the Committee on the Armed Services.

The following concurrent resolutions were read by their titles and referred as indicated:

H. Con. Res. 305. A concurrent resolution providing for the printing of additional copies of the committee print entitled "Court Proceedings and Actions of Vital Interest to the Congress, Final Report for the 93d Congress, December 1974"; to the Committee on Rules and Administration.

H. Con. Res. 536. A concurrent resolution to authorize the printing as a House document "Our Flag", and to provide for additional copies; to the Committee on Rules and Administration.

H. Con. Res. 537. A concurrent resolution to provide for the printing as a House document of the Constitution and the Declaration of Independence; to the Committee on Rules and Administration.

H. Con. Res. 538. A concurrent resolution providing for the printing as a House document of the Constitution of the United States (pocket-size edition); to the Committee on Rules and Administration.

H. Con. Res. 539. A concurrent resolution to print as a House document the Constitution of the United States; to the Committee on Rules and Administration.

H. Con. Res. 540. A concurrent resolution to print as a House document "How Our Laws Are Made"; to the Committee on Rules and Administration.

## ENROLLED BILLS AND JOINT RESOLUTION PRESENTED

The Secretary of the Senate reported that on today, April 12, 1976, he presented to the President of the United States the following enrolled bills and joint resolution:

S. 2444. An act to provide for the orderly transition to the new October 1 to September 30 fiscal year.

S. 2445. An act to provide permanent changes in laws necessary because of the October–September fiscal year.

S.J. Res. 35. A joint resolution to provide for the designation of the week beginning March 13, 1977, as "National Employ the Older Worker Week".

## COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

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

PROPOSED SUPPLEMENTAL APPROPRIATIONS FOR THE DEPARTMENT OF COMMERCE

A communication from the President of the United States, transmitting a proposed supplemental for fiscal year 1976 in the amount of $550,000 and for transition quarter in the amount of $420,000 for the Department of Commerce (with accompanying papers); to the Committee on Appropriations.

## PETITIONS

Petitions were laid before the Senate and referred as indicated:

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

A resolution adopted by the Westchester County Board of Legislators, White Plains, New York, concerning Title VI of the Comprehensive Employment and Training Act; referred to the Committee on Labor and Public Welfare.

## DISAPPROVING CERTAIN REGULATIONS PROPOSED BY THE ADMINISTRATOR OF GENERAL SERVICES UNDER SECTION 104 OF THE PRESIDENTIAL RECORDINGS AND MATERIALS PRESERVATION ACT—REPORT OF A COMMITTEE (REPT. NO. 94–748)

Mr. RIBICOFF, from the Committee on Government Operations, submitted a report on the resolution (S. Res. 428) disapproving certain provisions of the regulations proposed by the Administrator of General Services on October 15, 1975, under the Presidential Recordings and Materials Preservation Act, for the information of the Senate, which was ordered to be printed.

## REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. PROXMIRE, from the Committee on Banking, Housing and Urban Affairs, without amendment.

S. 3295. An original bill to extend the authorization for annual contributions under the United States Housing Act of 1937, to extend certain low-income housing programs under the National Housing Act, and for other purposes, together with minority views (Rept. No. 94–749).

## INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

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

By Mr. ALLEN (for himself and Mr. SPARKMAN):

S. 3288. A bill to amend section 543(a) of the Internal Revenue Code of 1954 relating to the definition of personal holding company income. Referred to the Committee on Finance.

By Mr. BARTLETT:

S. 3289. A bill to amend the Internal Revenue Code of 1954 to exclude the value of the principal residence of a decedent from the decedent's gross estate, to increase the estate tax where the estate consists largely of interest in a closely held business, to extend the date on which the first installment of estate tax is due, and to terminate the interest payment requirement on installments of the estate tax. Referred to the Committee on Finance.

By Mr. McINTYRE:

S. 3290. A bill for the relief of Paul Saunders, his wife Dorcas Saunders, and their children Karl Saunders and Corinna Saunders. Referred to the Committee on the Judiciary.

By Mr. HUGH SCOTT:

S. 3291. A bill for the relief of Felix Hernandez-Arana and his wife, Felicia Ogaldez-De Hernandez. Referred to the Committee on the Judiciary.

By Mr. PEARSON:

S. 3292. A bill to amend title XIX of the Social Security Act to repeal the provisions, relating to consent by States to certain suits, which were included in such title by reason of the enactment of section 111 of Public Law 94–182. Referred to the Committee on Finance.

By Mr. HASKELL:

S. 3293. A bill to amend the act entitled "An Act to authorize appropriations to the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purposes, (Public Law 92–314)". Referred to the Joint Committee on Atomic Energy.

By Mr. ROTH:

S. 3294. A bill to provide for tax deductions for college education. Referred to the Committee on Finance.

By Mr. PROXMIRE (from the Committee on Banking, Housing and Urban Affairs):

S. 3295. An original bill to extend the authorization for annual contributions under the United States Housing Act of 1937, to extend certain low-income housing programs under the National Housing Act, and for other purposes. Placed on the calendar.

By Mr. KENNEDY:

S. 3296. A bill to amend the Administrative Procedure Act to provide for improved

administrative agency accountability and review of administrative agency actions, and for other purposes. Referred to the Committee on the Judiciary.

S. 3297. A bill amending title 5 of the United States Code to improve agency rule making by expanding the opportunities for public participation, by creating procedures for congressional review of agency rules, and by expanding judicial review, and for other purposes. Referred to the Committee on the Judiciary.

## STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BARTLETT:

S. 3289. A bill to amend the Internal Revenue Code of 1954 to exclude the value of the principal residence of a decedent from the decedent's gross estate, to increase the amount of the marital deduction allowance, to increase the period for payment of the estate tax where the estate consists largely of interest in a closely held business, to extend the date on which the first installment of estate tax is due, and to terminate the interest payment requirement on installments of the estate tax. Referred to the Committee on Finance.

Mr. BARTLETT. Mr. President, I am introducing my bill on the so-called widow's provision in conjunction with S. 2885, my bill to raise the overall estate tax exemption to $400,000.

A major problem with our estate tax system is that it is one of the most discriminatory in the entire tax code, particularly in relation to what is commonly called the widow's tax. If an estate is held in joint tenancy by a husband and wife and the wife dies first, the tax imposed on her estate is based on an arbitrary decision that she has contributed very little to the actual fair market value of the property. However, if the husband dies first, the code works in reverse. That is to say, a major portion of the contribution is attributed to the husband, and therefore, the estate is determined to include an amount far in excess of 50 percent of the fair market value of the property. The code does not recognize that the wife, even though contributing labor and other necessities for a household, has contributed anything to the value of the jointly held property. This is particularly true with regard to the farm wife.

The farm wife not only cooks the meals and runs the household, but also drives the truck or tractor, helps with the care and feeding of the livestock, assists in the planting and harvesting of crops and, as such, is indispensible in the successful operation of the farm. Unfortunately, none of this is considered a contribution to the farm as far as estate taxes are concerned. If the husband performs these functions, it is considered a contribution, but not so with the wife. Gentlemen, this is rank discrimination, and it has no place in our laws.

The bill I am introducing would make three major changes:

First, it will add a marital deduction for the surviving spouse of $100,000 to be removed from the definition of the taxable estate. Presently, the total of all such deductions cannot exceed a simple 50 percent of the estate and is usually substantially less than 50 percent.

Second, it will allow the surviving spouse to automatically remove from the gross taxable estate the principal residence of the couple. It is time that we end our discriminatory nonrecognition of the contribution of the housewife. The law does not, per se, discriminate against women in applying the test of contribution. However, the widow who has worked for 40 years keeping up the house and raising the children has no legal base for her efforts to establish contributions if she has no outside job. This section of the bill is in simple recognition that the housewife has made as much contribution to the house and home as has the working wife or the working husband.

Third, my bill provides a grace period of 5 years, with no interest accruing, before the surviving spouse must begin to pay the taxes.

By Mr. PEARSON:

S. 3292. A bill to amend title XIX of the Social Security Act to repeal the provisions, relating to consent by States to certain suits, which were included in such title by reason of the enactment of section 111 of Public Law 94–182. Referred to the Committee on Finance.

Mr. PEARSON. Mr. President, today I introduce a bill which seeks to correct a legislative oversight that threatens the fiscal security of our States and jeopardizes delivery of services to hospitalized medicaid patients. After Senate passage of the Social Security Act amendments last December the House inserted language, apparently without adequate consideration, requiring States to waive their immunity under the 11th amendment of the Constitution in order to fully participate in Federal financing of medicaid services. I am certain that our members, frustrated by delayed action in the other body, did not then comprehend the complete ramifications of this legislation. Now that time has allowed a more thorough examination of the provisions, I believe a majority in both Houses will expedite this measure to rectify the error.

Under Public Law 94–182, section 111 a State plan for medical assistance must now include a consent to suit with respect to payment of inpatient hospital services and a waiver of any immunity from such suits. The law specifies that a penalty of 10 percent of the amount otherwise payable to a State for medicaid services will be exacted for any quarter in which the State is in noncompliance. The penalty provision applies for quarters beginning on or after January 1, 1976. The States are put in the quandary of either abdicating their constitutional position as sovereigns or losing substantial funds vital to their citizens' well-being. Should Kansas, for example, refuse to waive its immunity, the immediate impact could cost the loss of approximately $24 million. This might well necessitate discontinuance of medical programs with a resultant loss of services to approximately 60,000 patients. On the other hand, compliance with the law would mean abandoning a principal element of sovereignty itself. The consent and waiver of immunity will allow medicaid providers of inpatient hospital services to bring suit against the State in Federal court with respect to reasonable costs for services. Extensive and costly litigation would follow. Through this avenue medical service providers will pursue additional price increases which could lead to extensive demands on State funds.

Mr. President, the legislation just introduced simply returns the law to its former status. There seems no justification for any change. No hearings were conducted; there is no evidence to justify such a substantial alteration in this sensitive program already beset with fiscal problems. It well behooves us to quickly correct this incursion into the constitutionally protected rights of our States.

By Mr. HASKELL:

S. 3293. A bill to amend the act entitled "An act to authorize appropriations to the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purposes, (Public Law 92–314)." Referred to the Joint Committee on Atomic Energy.

Mr. HASKELL. Mr. President, today I have introduced a bill to amend Public Law 93–314, "An act to authorize appropriations to the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purposes."

The purpose of my amendment to this legislation is to make funds available to persons in the vicinity of Grand Junction, Colo., who have taken their own initiative in removing uranium mill tailings which were used in the construction of their homes and places of business prior to the knowledge that these tailings might present a severe health hazard.

The problem of the removal of uranium tailings in Grand Junction is not a new one. In 1972, the Congress authorized $5 million for a removal program. According to a survey conducted by the Colorado Department of Health, approximately 600 structures have had radiation reading sufficiently high to be classified as "possible eligible" for removal efforts.

The problem with the tailing removal process has been that the understandable anxiety of individual owners of affected property has led them in many instances to proceed with the tailing removal operations at their own expense, rather than await the efforts of the Government removal teams. In each such instance, the removal was done with the monitoring of the State Department of Health.

The legislation I am introducing today would simply make possible reimbursement to these individuals who have proceeded on their own to accomplish what would eventually be done at Government expense in any case.

The amendment would also make an additional $3 million available for the uranium tailing removal program, an amount recommended by the Energy Research and Development Administration.

I ask the support of my colleagues for this legislaiton which would serve to expedite a remedy for the long-standing problem of radiation danger to the inhabitants of Grand Junction.

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By Mr. ROTH:

S. 3294. A bill to provide for tax deductions for college education. Referred to the Committee on Finance.

Mr. ROTH. Mr. President, I am today introducing legislation to provide tax deductions to help offset the rising costs of a college education. Specifically, this legislation would provide tax deductions of up to $1,500 a year for college tuitions and fees, less any scholarship aid received. The deduction would only apply to full-time students, and it would be allowed not only for attendance at colleges and universities, but at vocational schools as well.

I believe there is a pressing need for this legislation, which is intended primarily to help the middle-income families of this country, the ones who are not affluent enough to afford college expenses but not poor enough to receive Government assistance. The increasing costs of tuition, fees, and other expenses is making it virtually impossible for many middle-income families to send their children to college. According to the president of one of this country's leading institutions, this tuition problem that is squeezing the children of middle-income families out of higher education will become a "social disaster" if it is not solved.

In the past few years, the cost of a college education has skyrocketed enormously. According to the Library of Congress and a survey by the College Board Entrance Examination Board, the average total cost of sending a child to a public university will increase to $2,790 a year next fall compared to $1,782 a year 5 years ago. For a private college, the average yearly cost will increase from $2,973 5 years ago to $4,568 in the upcoming school year. And for many of the country's leading private institutions, total annual charges will be more than $7,000. The increasing cost is one of the main reasons that attendance at colleges has declined in the past 5 years.

In Delaware, both the University of Delaware and Delaware State College have announced increases in total charges. Tuition at the University of Delaware for resident students has increased from $475 to $795 since 1972, a 60-percent increase, and it is anticipated that tuition will increase by as much as $180 next fall. This will mean that total annual charges will be well over $3,000.

At the same time tuition costs are soaring, the Federal tax burden on the average family has also increased dramatically. According to the Tax Foundation, the average American family had a tax burden last year equal to over $4,000, an increase of more than $1,200 from 5 years ago. The increased tax burden has financed many Federal education programs, but most middle-income families have no hope of receiving their fair share of the tax revenues spent on education.

The Federal Government will spend more than $8 billion on education this year, with $2.6 billion spent on higher education. But the Federal programs providing college aid, direct grants, work-study programs, and guaranteed loans are directed primarily at low-income families.

I support providing aid to needy children, who would otherwise have absolutely no opportunity to obtain a college education. But we must not lose sight of the fact that the people who are paying the taxes to finance this aid are finding it more and more difficult to educate their own children.

The public's dissatisfaction with big Government is growing, especially among the middle-income people, the ones who go to work every day, pay most of the taxes, accept very little from Government, and receive very little from Government.

These are the people who have worked long and hard to get where they are, many times with both the husband and wife working, only to find that inflation and taxes make them unable to afford to send their children to college.

In my opinion, these people are getting a raw deal, and I think it is time we returned some of their taxes to them through tax deductions for college education expenses.

The Senate Finance Committee is currently conducting hearings on tax reform legislation. I truly believe that the best tax reform Congress could enact would be a bill providing more tax relief for middle-income families and I plan to work for the enactment of this legislation to provide tax deductions for college education expenses.

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

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

S. 3294

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That (a) part VII of subchapter B of chapter 1 of the Internal Revenue Code of 1954 (relating to additional itemized deductions for individuals) is amended by designating section 219 as section 220, and by inserting after section 218 the following new section:

"SEC. 219. TUITION AND FEES FOR EDUCATION

"(a) ALLOWANCE OF DEDUCTION.—In the case of an individual, there shall be allowed as a deduction, the sum of the amounts paid by the taxpayer during the taxable year to an eligible educational institution for—

"(1) tuition and fees required for the attendance of the taxpayer, his spouse, or a dependent at such institution, and

"(2) fees required for courses of instruction in which the taxpayer, his spouse, or a dependent is enrolled at such institution.

"(b) LIMITATIONS.—

"(1) FULL-TIME STUDENT.—No deduction shall be allowed under subsection (a) for amounts paid during the taxable year for tuition and fees with respect to any individual unless that individual, during each of 4 calendar months during the calendar year in which the taxable year of the taxpayer begins, is a full-time student above the secondary level at an eligible educational institution.

"(2) AMOUNT FOR EACH INDIVIDUAL.—Deduction shall be allowed under subsection (a) for amounts paid during the taxable year for tuition and fees with respect to any individual only to the extent that such amounts do not exceed $1,500.

"(3) SPOUSE.—No deduction shall be allowed under subsection (a) for amounts paid during the taxable year for tuition and fees for the spouse of the taxpayer unless—

"(A) the taxpayer is entitled to an exemption for his spouse under section 151(b) for the taxable year, or

"(B) the taxpayer files a joint return with his spouse under section 6013 for the taxable year.

"(4) PERSONAL AND LIVING EXPENSES.—No deduction shall be allowed under subsection (a) for any amount paid, directly or indirectly, for any personal or living expense during the taxable year. In the event an amount paid as tuition or fees includes an amount for any personal or living expense which is not separately stated, the portion of such amount paid which is attributable to such personal or living expense shall be determined under regulations prescribed by the Secretary or his delegate.

"(c) REDUCTION FOR CERTAIN SCHOLARSHIPS AND VETERANS BENEFITS.—The amount paid for tuition and fees with respect to any individual which (but for this subsection) would be taken into account under subsection (a) shall under regulations prescribed by the Secretary or his delegate, be reduced by any amounts received by or for such individual during the taxable years as—

"(1) a scholarship or fellowship grant (within the meaning of section 117(a)(1)) which under section 117 is not includable in gross income, and

"(2) educational assistance allowance under chapter 34 or 35 of title 38 of the United States Code.

"(d) DEFINITIONS.—For purposes of this section—

"(1) Eligible educational institution.—The term 'eligible educational institution' means—

"(A) an institution of higher education; or

"(B) a vocational school.

"(2) INSTITUTION OF HIGHER EDUCATION.—The term 'institution of higher education' means an institution of higher education as defined in section 1201(a) of the Higher Education Act of 1965.

"(3) VOCATIONAL SCHOOL.—The term 'vocational school' means an area vocational education school as defined by section 108(2)(C) and (D) of the Vocational Education Act of 1963.

"(4) COURSE OF INSTRUCTION.—The term 'course of instruction' means a course of instruction for the successful completion of which credit is allowed toward a baccalaureate or higher degree by an institution of higher education authorized to confer such degree or toward a certificate of required course work or training.

"(5) DEPENDENT.—The term 'dependent' has the meaning assigned to it by section 152(a).

"(e) EXCEPTION.—Subsection (a) shall not apply to any amount paid which is allowable as a deduction under section 162 (relating to trade or business expenses)."

(b) The table of sections for such part is amended by striking out:

"SEC. 219. Cross reference."

and inserting in lieu thereof:

"SEC. 219. Tuition and fees for education.

"SEC. 220. Cross references."

SEC. 2. Section 62 of the Internal Revenue Code of 1954 (relating to the definition of adjusted gross income) is amended by inserting after paragraph (9) the following new paragraph:

"(10) Deduction for education expenses.—The deduction allowed by section 219."

SEC. 3. The amendments made by this Act apply to taxable years beginning after December 31, 1975.

By Mr. KENNEDY:

S. 3296. A bill to amend the Administrative Procedure Act to provide for improved administrative agency accountability and review of administrative agency actions, and for other purposes. Referred to the Committee on the Judiciary.

S. 3297. A bill amending title 5 of the United States Code to improve agency rulemaking by expanding the opportunities for public participation, by creating procedures for congressional review of agency rules, and by expanding judicial review, and for other purposes. Referred to the Committee on the Judiciary.

ADMINISTRATIVE PROCEDURE ACT AMENDMENTS

Mr. KENNEDY. Mr. President, over a year ago I introduced for myself and the Senator from Maryland (Mr. MATHIAS), five bills (S. 796–800) to amend the Administrative Procedure Act to make certain outmoded and inflexible procedures more sensitive to the ever-increasing impact that our administrative agencies have on the lives of all Americans. I have since introduced another bill (S. 3123), and Senators FANNIN and BUMPERS have introduced legislation (S. 2407–2408, S. 2792) that would bring about reform of regulatory processes.

On April 27 and 28 the Subcommittee on Administrative Practice and Procedure will be holding hearings on these bills in an effort to respond to public concern over problems in agency practices and procedures. We hope, out of these hearings, to fashion a legislative package that will update and streamline agency operations, make them more responsive to the needs of those whose lives and businesses they affect, and render their actions more accountable to both Congress and the public.

Today I am introducing two additional bills, so that the subcommittee will have before it the broadest array of proposals relating to Federal agency responsiveness and accountability. The first was drafted by attorneys for Public Citizen in an effort to clarify the law of "standing," which concerns who may properly enter the Federal courts to request judicial review of the legality of agency actions. The purpose of standing is to insure that a plaintiff has a sufficient stake in a case to adequately present the issues to the court, but recent decisions seem to have lost sight of this purpose and have denied standing even where plaintiffs do have a substantial stake in the outcome. This bill attempts to conserve judicial energies and define citizens' rights more precisely by replacing the vague and troubling standards that the courts now apply to this problem with precise standards that can be easily and evenhandedly applied. I ask unanimous consent that an explanation of the purpose and background of this bill, the Administrative Procedure Review Act of 1976, prepared by Public Citizen attorneys, be printed in the RECORD at the conclusion of my remarks.

The ACTING PRESIDENT pro tempore. Without objection it is so ordered. (See exhibit 1.)

Mr. KENNEDY. The second bill I am introducing is identical to H.R. 12048, introduced by Congressman FLOWERS and reported last month by the House Judiciary Committee. This bill has two titles, one dealing with the rulemaking provisions of the Administrative Procedure Act and the other relating to legislative review of agency regulations. Both of these titles contain sections with counterparts in legislation already pending before the Administrative Practice Subcommittee: for example, portions of amendments to section 553 of H.R. 12048 are identical to subsections in S. 796; and the legislative oversight mechanism in section 4 in H.R. 12048 reflects an alternative approach to that contained in section 3 of S. 2792. I ask unanimous consent that the statement of purpose and general outline of this bill contained in House Report 94–1014 be printed in the RECORD at the conclusion of my statement.

The ACTING PRESIDENT pro tempore. Without objection it is so ordered. (See exhibit 2.)

Mr. KENNEDY. Mr. President, the Congress should be prepared this session to translate the criticism of the procedural failures of many Federal agencies to act efficiently, expeditiously, and effectively, and responsibly—voiced by all of us and by our constituents as well—into legislative action. The hearings later this month of the Subcommittee on Administrative Practice and Procedure on the bills I am introducing today and others will constitute a first step on the Senate toward that goal.

EXHIBIT 1

COMMENTARY ON THE "ADMINISTRATIVE PROCEDURE REVIEW ACT OF 1976"

Recent federal court decisions have made it increasingly difficult for individuals and organizations to free themselves from the effects of illegal government action. As a result, unlawful government actions are causing a loss of confidence in both the legitimacy of federal activities, and in the ability of our system of checks and balances to operate effectively. In addition, the law relating to the standing of affected persons to secure judicial review of government actions in the federal courts has become so confused, and so riddled with unwise and inconsistent results, that disproportionate amounts of time and effort have been expended by courts and litigants on this technical issue which generally bears no relationship to the merits of the cases presented to the courts for adjudication. The purpose of this legislation is, therefore, to open the doors of the federal courts to those who are affected by government actions, so that when the legality of government action is called into question, the relevant issues may be promptly adjudicated without needless inquiries into the standing of the party asserting the illegality. This will enable a more prudent allocation of judicial resources and, ultimately, a government whose operation is more consistent with the tenets of the Constitution and other laws of the United States.

THE NEED FOR REMEDIAL LEGISLATION

Remedial standing legislation is needed because recent decisions by the Supreme Court and the lower courts have caused great uncertainty in the law of standing which can best be eliminated by Congress. Moreover, many of these decisions have reached results that are wholly inconsistent with the fundamental principles that underlie our legal system. Supreme Court decisions handed down in recent years have denied standing without adequately explaining the basis for those denials and, as a result, confusion has reigned in the lower courts. This confusion has been compounded because Supreme Court precedents have produced inconsistent results which are difficult, if not impossible to reconcile. For example, in *Flast* v. *Cohen*, 392 U.S. 83 (1968), a taxpayer was granted standing to challenge the constitutionality of government expenditures, while in *United States* v. *Richardson*, 418 U.S. 166 (1974), a taxpayer was denied standing. Even though the plaintiffs in both cases possessed identical interests which made each plaintiff able to adequately present the issues in an adversary context—the purpose for which standing doctrine evolved—the Supreme Court reached contradictory results in the two cases without ever offering any meaningful distinction between them. In *United States* v. *SCRAP*, 412 U.S. 669 (1973), the Supreme Court held that an interest in protecting the environment, shared by all members of the public, was sufficient for standing to enforce environmental legislation, but in *Warth* v. *Seldin*, 422 U.S. 490 (1975), low income, minority plaintiffs were denied standing to challenge discriminatory zoning practices as a violation of civil rights statutes and constitutional provisions which were enacted for their benefit. The result of these inconsistent decisions is that no one knows when standing will be upheld and when it will be denied. Consequently, standing is raised as a defense in a disproportionately large number of cases, forcing courts and litigants alike to expend considerable amounts of time and energy on this issue.

A rule which has been advanced in many of the recent cases denying standing is that when a plaintiff seeks to protect an interest that is generally shared by other members of the public, the plaintiff has no standing. *See, e.g., Richardson, supra*, 418 U.S. at 176–80; *Schlesinger v. Reservists Committee To Stop The War*, 418 U.S. 208, 216–17, 220–21 (1974). The flaw in such a rule is obvious; precisely those government illegalities which are most widespread and which affect the most people would be insulated from review and allowed to go uncorrected. Everyone has a right to honest, lawful government and everyone is injured when unlawful government actions are allowed to persist. Moreover, the First Amendment right to petition the government protects the right of access to the courts to terminate unlawful actions. *See California Motor Transport Co. v. Trucking Unlimited*, 404 U.S. 508, 510 (1972). Therefore, broad restrictions on standing cannot be justified as a matter of policy or as a matter of constitutional law.

Because standing is a readily available defense, administrative action which exceeds an agency's statutory or constitutional authority can go entirely uncorrected. Often no conceivable plaintiff ever has standing to challenge agency actions under the current rules. In such cases, government agencies are free to violate statutes and constitutional provisions with impunity. In one case, a plaintiff successfully obtained a district court order enjoying the use of government patent regulations as unconstitutional, but the court of appeals reversed and dismissed for lack of standing. As a result, patent regulations are now being used by the entire federal government even though those very regulations have been declared unconstitutional by a federal court. In another case, taxpayer plaintiffs sought to recover for the federal treasury funds which were allegedly misappropriated for use in Richard Nixon's 1972 re-election campaign in violation of a federal statute and a constitutional provision. The plaintiffs were denied standing even though, as a result of that ruling, no one will ever have standing to recover those funds. No one has ever suggested that standing requirements were intended to serve as a li-

cense for government lawlessness, but that is exactly what standing rules are becoming.

Although increased government activities now have more effect on the lives of each of us than has been true in the past, standing requirements have not been keeping pace with increased government activity. Standing is becoming more restrictive rather than more expansive, thereby making it very difficult for individuals to protect their interests from the effects of unlawful government action. In *Metcalf v. National Petroleum Council*, No. 75-397 (D.D.C., Feb. 9, 1976), both a Senator and a consumer challenged the make-up of the National Petroleum Council, 140 of whose 150 members have ties to the oil companies. Senator Metcalf argued that the Council's information and recommendations, on which his legislative duties are often based, were likely to be biased or inaccurate. In addition, the consumer argued that consumer interests were being ignored by the industry-dominated Council. However, neither plaintiff was granted standing and the Council continues to be industry-oriented. In another case, users of the highways sued to enforce mandatory provisions of federal highway safety legislation. While standing was upheld in the district court, the issue has again been pressed on appeal, thereby requiring a further expenditure of judicial resources on this technical issue. Moreover, the possibility now exists that not even the intended beneficiaries of this important congressional enactment will be able to enforce its provisions, and that the statute will simply be ignored.

The current state of the law of standing is causing public disillusionment and loss of confidence in the operations of our government. Rather than insuring that cases will be presented in an adversary context, where the plaintiff has sufficient involvement to adequately present the relevant issues to the court in an adversary context, standing is becoming little more than a convenient device by which courts can avoid the merits of difficult or controversial cases. This is a serious abuse of standing doctrine which can best be remedied through legislation. The Administrative Procedure Review Act of 1976 is designed to solve the standing problem by replacing the vague and troubling standards now used by the courts with precise standards that relate more closely to the constitutional requirements.

ANALYSIS OF THE ACT

*Title*

The title of this legislation is the "Administrative Procedure Review Act of 1976." As the title indicates, the Act is designed to improve review of administrative agency actions in order to make the agencies more responsive and accountable to the public.

SEC. 101. FINDINGS.—This legislation begins with a congressional finding that each citizen and resident of the United States, and each organization whose operations are sufficiently affected by the federal government, is entitled to be free from the effects of unlawful government action. Subsections (a) and (b) recognize this right as one which is inherent in the nature of our society. While the relinquishment of some individual freedom is necessary to the orderly functioning of our society, no individual or organization has relinquished the right to be free from illegal government regulation; the government can make only lawful demands on those whom it governs. Because this right to lawful government would be hollow without the coincident right to seek a determination of the legality of government actions, it follows from subsections (a) and (b) that citizens, residents and organizations have the right to invoke the jurisdiction of the federal courts to protect their inherent right to lawful government.

It should be emphasized that this statute does not attempt to expand the jurisdiction of the courts created by Article III of the Constitution, as indeed it could not do. However, it is clear that Congress can recognize and create rights which would not exist absent congressional action. *Trafficante v. Metropolitan Life Insurance Co.*, 409 U.S. 205, 212 (1972) (White, J., concurring); *Linda R. S. v. Richard D.*, 410 U.S. 614, 617 n.3 (1973); *Warth v. Seldin*, 422 U.S. 490, 500, 513–14 (1975). It is equally clear that the rights recognized by Congress in section 2 of this statute are sufficiently substantial that the courts have Article III jurisdiction to protect them. *Cf. Baker v. Carr*, 369 U.S. 186, 206–08 (1962); *Flast v. Cohen*, 392 U.S. 83, 98–101 (1968); *United States v. SCRAP*, 412 U.S. 669, 689 n.14 (1973); *Buckley v. Valeo*, 519 F.2d 821, 850–51 (D.C.Cir., 1975) (*en banc*). While the Act does not attempt to expand Article III jurisdiction, it does broaden access to the courts for review of administrative action by making the requirements for standing correspond more closely to the Article III "case" or "controversy" requirement. This statute eliminates the "prudential" limitations on standing which have caused courts to refuse to hear the merits of controversies even though they have had jurisdiction to decide the merits. *See, e.g., Warth v. Seldin, supra*, 422 U.S. at 500–501; *United States v. Richardson*, 418 U.S. 166, 196 (1974) (Powell, J., concurring). With enactment of this legislation, all citizens, residents, and organizations meeting the minimum constitutional requirements for federal jurisdiction will have standing to seek judicial review of agency action as long as they satsify those few requirements set out in this Act.

Subsection (c) recognizes that states, political subdivisions, territories, and possessions of the United States are also affected by action of the federal government and recognizes their right to be free from illegal government action. Consequently, states, political subdivisions, territories, and possessions should also have access to the federal courts to protect that right. In addition, subsectoin (c) acknowledges that states, political subdivisions, territories and possessions have a right of access to the federal courts to protect the rights which their citizens and residents possess to be free from the effects of illegal government actions. These are the same inherent individual rights that are accorded congressional recognition in subsection (a). However, because these individual rights may be collectively abridged or abridged in ways that make judicial redress by each individual impractical, the statute finds that the enumerated political entities are entitled to seek judicial protection of the individual rights of their citizens and their residents by enacting this legislation. Congress would recognize the need to allow representative actions, and should expressly overrule the judicial prohibition of such actions established in *Massachusetts v. Mellon*, 262 U.S. 447 (1923).

The current law of standing in the federal courts is greatly confused and congressional action is necessary to eliminate both that confusion and the unwise and inconsistent holdings that have resulted from application of the rules of standing as they are currently formulated. Courts and litigants have devoted huge amounts of time and energy to the issue of standing—time which would have been better spent deciding the merits of the cases presented to the courts. In addition, restrictive standing rules have made it unnecessarily difficult for citizens, residents and organizations to protect their interests from the effects of illegal government action. Consequently, illegal government actions have continued to exist despite the remedial efforts of litigants, because courts have used the doctrine of standing to abstain from deciding many cases. Such abstinence must be terminated because it promotes loss of confidence in government operations and deprives us all of the benefits of lawful government.

SEC. 102. PURPOSES.—This legislation has four essential purposes. As subsection (a) indicates, the Act is designed to make agency actions correspond more closely to the tenets of the Constitution and other laws of the United States. This subsection evidences a recognition by Congress that government illegality is *per se* undesirable. It also evidences the belief that government officials are more likely to act in the public interest if they are held to account for their actions. When judicial review of agency action is unavailable, law enforcement and government accountability are either significantly reduced or entirely absent. *See* Davis, *Administrative Law Treatise*, Vol. 3 § 22.01. Consequently, the purpose of increasing law enforcement and government accountability is served by liberalizing the rules of standing so that more individuals and organizations who are affected by agency actions have access to the courts.

Increasing law enforcement and government accountability is in the public interest, and subsection (a) evidences congressional dissatisfaction with the reluctance of many courts to allow persons affected by government action to maintain suits to protect both their interests and the public interest. Several cases have recognized that private litigation is both instrumental and necessary to the protection of the public interest. *See Associated Industries of New York State, Inc. v. Ickes*, 134 F.2d 694, 704–05 (2d Cir. 1943), *vacated as moot*, 320 U.S. 707 (1943); *Sierra Club v. Morton*, 405 U.S. 727, 736–38 (1972); *Scripps-Howard Radio, Inc. v. FCC*, 316 U.S. 4, 14–15 (1942); *FCC v. Sanders Bros. Radio Station*, 309 U.S. 470, 476–77 (1940); *Association of Data Processing Service Organizations v. Camp*, 397 U.S. 150, 154 (1970); *Arnold Tours v. Camp*, 400 U.S. 45, 46 (1970). Many of these cases, however, impose needless requirements on the maintenance of suits which may benefit the public. *See Barlow v. Collins*, 397 U.S. 159, 167–69, 170–73 (1970) (separate opinion of Mr. Justice Brennan, joined by Mr. Justice White). A principal purpose of this legislation is to eliminate such requirements and to encourage public interest lawsuits by placing the stamp of congressional approval on them.

As subsection (b) indicates, the Act is also designed to increase access to the federal courts so that individuals and organizations may better protect their own interests from the effects of unlawful agency action. Current rules of standing allow actions only if brought by parties who demonstrate direct economic injury, *see Association of Data Processing Service Organizations v. Camp, supra*, or injury to one of a few other select interests. *See, e.g., Sierra Club v. Morton, supra; Baker v. Carr, supra*. Recent standing decisions have failed to recognize that agency action can also have indirect effects on individuals and organizations which are sufficient to satisfy the purposes of standing doctrine. The current requirements have become so rigid and so technically applied, and the scope of cognizable injuries has become so narrow, *see Warth v. Seldin, supra*, that standing doctrine no longer reflects any realistic concern with the adequacy of issue presentation in an adversary context, even though this is the purpose for which standing doctrine evolved. *See Baker v. Carr, supra*, 369 U.S. at 204–06. Consequently, individuals and organizations are too frequently prevented from protecting their interests. The Act is designed to eliminate this inequity by abandoning the current "direct" injury requirement and adopting the more meaningful standards set out in section 6 of the Act.

Subsection (c) indicates that by increasing

law enforcement and government accountability, and by enabling citizens, residents and organizations to better protect their interests, public confidence in the fairness of Government operations will be increased. In addition, the reforms instituted by this Act will clarify the law of standing. Consequently, the Act will reduce the amount of litigation relating to the issue of standing and will allow cases to proceed to a decision on the merits.

SEC. 103. PRESUMPTION OF REVIEW.—Section 4 adds the words "explicitly," "clearly," and "solely" to the existing language of section 701(a) of Title 5 of the United States Code. These additions indicate that there is a strong presumption in favor of review, and that a direct and weighty showing of congressional intent to preclude review is required to rebut this presumption. The addition of "explicitly" in subsection (a)(1) indicates that preclusion is not to be inferred from a statutory scheme or from any other circumstantial evidence. A statute must say on its face that review is precluded in order to cut off review under the APA. "Clearly" and "solely" have been added to subsection (a)(2) primarily for their symbolic value. They indicate that this subsection is to be narrowly construed so that preclusion will be very rare. If there is any law for a reviewing court to apply, the agency action under consideration has not been clearly committed solely to agency discretion. *See Citizens to Preserve Overton Park* v. *Volpe*, 401 U.S. 402, 410 (1971). Section 4 of the Act directly overrules recent lower court decisions that have implied a preclusion of judicial review. *See, e.g., Consumer Federation of America* v. *FTC*, 515 F.2d 267, 370–73 (D.C.Cir. 1975) *Jensen* v. *National Marine Fisheries Service*, 512 F.2d 1189, 1191 (9th Cir. 1975).

*Definitions.*

Section 5 adds the definition of "interested person," "laws of the United States," and "participate" to those definitions already listed in section 701(b) of title 5 of the United States Code. Under this Act, any "interested person" has standing to secure judicial review of administrative action. The term "interested person" is defined in subsection (2) as comprising three classes of individuals and organizations: (a) all citizens and residents of the United States qualify as interested persons; (b) organizations constitute interested persons if they maintain an office in the United States and their organizational rights or purposes bear some relation to the agency action of which review is sought; and (c) states, political subdivisions, territories and possessions of the United States are deemed to be interested persons when they seek review of agency actions which affect them as political entities, or when they seek review of agency actions which affect their citizens or residents.

The objective of the Act in defining the term "interested person" has been to effect as broad a grant of standing as possible, while assuring that the plaintiff has a sufficient connection with the United States to properly seek enforcement of the laws of the United States. With respect to individuals, this has been accomplished by granting standing to citizens and residents of the United States. Citizens and residents are affected directly and indirectly by agency action in many ways and in varying degrees. By virtue of their citizenship or residency, however, all have a stake in assuring that Government operations are conducted in a lawful manner. This makes citizens and residents proper parties to seek a determination of the legality of agency action.

Organizations that have offices in the United States are functionally equivalent to residents. They are subject to the laws of the United States, and as such have a stake in assuring that Government operations are lawfully conducted. Organizations, however, are formed for specific purposes. Consequently, in order for an organization to have standing as an "interested person," it must appear likely that either its organizational purpose, or its ability to exist or conduct operations may be affected by the agency action under review. When the two conditions set out in section 5(2)(B) of the Act are satisfied, an organization will be a proper party to seek review of agency action.

States, political subdivisions, territories, and possessions of the United States have an obvious nexus with the United States, making them proper parties to sue when their rights or interests as political entities are affected. It should be noted that subsection 5(2)(C) is not intended to encompass foreign governments or their instrumentalities. Subsection 5(2)(C) also allows political entities to assert the rights of their citizens and residents. This was done because actions brought in a representative capacity can be more appropriate, more efficient and more meaningful than a series of individual actions when many distinct interests are affected by agency action, but the effect on each individual is small. This subsection is not limited to such circumstances, however. A representative action may be brought by a political entity to assert any of the rights which are congressionally recognized in section 2(a) of the Act. A suit by a political entity in its representative capacity, however, does not automatically bar subsequent suits by individuals asserting their own rights, although principles of *stare decisis* would make subsequent actions highly unlikely. *See Hawaii v. Standard Oil Co.*, 405 U.S. 251, 261–62 (1972).

"Laws of the United States" is defined in subsection (3) and is intended to have as broad a meaning as possible. The term includes a wide range of enactments and official practices whose legality may be challenged, and a wide range of standards against which enactments and official practices must be measured when their legality is challenged. Any agency action constitutes a "law of the United States" within the meaning of this subsection.

"Participate" is defined in subsection (4). Because participation in an agency proceeding is one basis for securing standing to seek judicial review under section 6 of the Act, this term is also defined broadly. "Participate" includes appearing as a party in an agency proceeding, testifying orally, or submitting written testimony, arguments, evidence, documents or information, as long as the submission is arguably relevant to the agency proceeding. "Participate" also includes requesting an agency to take any action or to refrain from taking action, and includes commenting on any action taken or proposed by an agency.

Subsection (5) is identical to what is currently section 701(b)(2) of Title 5 of the United States Code.

SEC. 201. GRANT OF STANDING.—Section 6 of the Act contains a substantive grant of standing to secure judicial review of agency action. It creates two categories of plaintiffs that have a sufficient nexus with the United States and the agency action under review to make them proper parties under Article III of the Constitution to seek judicial review. Subsection (a) grants standing to any person who has participated in an agency proceeding giving rise to the agency action of which review is sought. Subsection (b) grants standing to any interested person who satisfies the procedural requirements set out in the subsection. The intent of this section is to establish clear standards by which courts and litigants alike can readily determine whether a given plaintiff has standing. In addition, the Act is intended to eliminate nonessential, "prudential limitations" on standing and to grant standing in more cases where constitutionally permissible.

Under subsection (a), a person, as defined in section 5(5) of the Act, has standing to review agency action when that person participates in an agency proceeding within the meaning of sections 5(4) and 5(5) of the Act. Although the language of this subsection requires that agency action result from the agency proceeding in which the plaintiff participated, the phrase "resulting from" is to be interpreted expansively. For example, if several agency proceedings are being conducted with respect to identical or similar subject matters, agency action resulting from one proceeding may be reviewed at the request of a participant in another related proceeding, even if the agency action is not directly dispositive of the matters pending in the related proceedings.

Under subsection (b), an interested person, as defined in section 5(2) of the Act, may secure judicial review of any agency action, even though that person did not participate in the proceeding that led to the agency action. Currently, the general rule is that a plaintiff need not participate before the agency in order to obtain judicial review. *See e.g., Wilson Co. v. U.S.* 335 F.2d 788, 794 (7th Cir. 1964), *cert. denied*, 380 U.S 951 (1965); *Goodman v. Pub. Serv. Comm.*, 497 F.2d 661, 664 n. 5 (D.C. Cir. 1974). Subsection (b) is intended to approve this general rule and to directly overrule those cases which have departed from the rule by holding that, in some instances, a person must participate in an agency proceeding in order to seek review of actions arising out of that proceeding. *See Nader v. Nuclear Regulatory Commission*, 513 F.2d 1045, 1054–55 (D.C. Cir. 1975). However, sixty days notice must be given to the agency on the basis of the claimed illegality of the action being reviewed before such action can be brought under subsection (b). The sixty-day notice requirement is a courtesy to the agency and is not jurisdictional in nature. It is intended to eliminate ambiguities which can arise concerning the doctrine of exhaustion of administrative remedies by prescribing a definite time period for agency action, just as Congress has done in the Freedom of Information Act, 5 U.S.C. § 552. However, the relief-pending-review provisions of 5 U.S.C. § 705 remain available even when the sixty-day notice has not been given. The purpose of the notice is to inform the agency that the legality of one of its actions is being contested and to give the agency an opportunity to respond to novel facts or arguments which were not considered prior to taking the challenged agency action. In those instances in which this purpose is outweighed by the need for immediate review, subsection (b) allows an action for review to be commenced after less than sixty-days notice. In addition, the notice requirement does not mar commencement of subsection (b) actions once the agency has clearly indicated that it will not reconsider the legality of the challenged action, thereby rendering notice and further delay unnecessary. Subsection (a), however, does not require participants to give a sixty-day notice to the agency because participants have already made their views known to the agency. Subsection (a) is not intended to preempt statutory schemes which specifically prescribe different time limits for commencing actions for judicial review, or which require timely filing of petitions for reconsideration.

As noted above the sixty-day waiting period provides a useful measure for determining when administrative remedies have been exhausted. Some agency inaction can so frustrate law enforcement and the interests of those affected that such inaction must be deemed final in order to allow meaningful review. Actions commenced under subsection (b) are, therefore, immunized from dismissal for failure to exhaust administrative remedies after the agency has had sixty days to consider contentions of illegality. It should be emphasized that this subsection is

intended to prevent agencies from evading judicial review and accountability for their actions by operating in bad faith or by implementing involved and time-consuming internal procedures before taking final, reviewable actions. Such procedures waste Government resources and are contrary to the policies of this Act. However, this subsection is not designed to allow premature judicial review. After the sixty-day notice period has expired, actions commenced under subsection (b) may still be dismissed, but only after the court finds that no ripe, justiciable controversy exists between the plaintiff and the agency within the meaning of Article III of the Constitution.

Unlike subsection (b) subsection (a) does not prescribe a specific time period after which administrative remedies are deemed to have been exhausted. Nevertheless, it is also contrary to the policy of the Act for agencies to attempt to delay of subsection (a) actions. Although it is impractical to place a time limit on the completion of agency proceedings which are in progress, when an agency unjustifiably prolongs proceedings or fails to render a decision at the close of proceedings, review is available under subsection (a) as prescribed in section 706(1) of Title 5 of the United States Code. The courts have frequently recognized the need to prevent administrative delay by allowing actions for judicial review to be maintained. *See e.g., Deering Millikin, Inc. v. Johnson,* 295 F.2d 856, 865 (4th Cir. 1961); *Atlantic Gulf Stevedores, Inc. v. Donovan,* 274 F.2d 794, 802 (5th Cir. 1960). Again the court should dismiss a subsection (a) review proceeding only when no ripe, justiciable, Article III "case" or "controversy" exists.

Subsection (b) has the effect of requiring those who satisfy the current "aggrieved" or "adversely affected" test of standing to wait sixty days before filing a subsection (b) review action in most instances even though review would be available immediately under current law. However, these individuals and organizations, as well as the courts, will benefit from the clearer formulation of the test for standing which is contained in section 6 of the Act. In fact, a major purpose of the Act is to eliminate the uncertainty surrounding the terms "aggrieved" and "adversely affected," and to avoid the confusion generated by the inconsistent, and often imprudent judicial decisions which have construed those terms.

Under subsection (b), organizations may assert the interests of their members, contributors, or supporters who are interested persons within the meaning of section 5(2) of the Act, as they can under present law. *See Sierra Club v. Morton, supra.* Under this statute, however, organizations that qualify as interested persons may sue in their own right as well. The Act, therefore, overrules cases such as *Sierra Club* to the extent that they deny standing based solely on an organization's purposes. The *Sierra Club* requirement that an organization allege injury to its members in order to secure standing is an example of a restriction that not only bears little relation to issue presentation, but one which can cause unjustifiable results. Under *Sierra Club,* a well established environmental organization was denied standing to maintain an environmental action, even though a backwoods fisherman with little understanding of the relevant issues could have maintained the same action without even hiring an attorney. Subsection (b) of the Act is intended to eliminate such anomalies.

The most important function of the Act is the elimination of judicial inquiries into how direct or how substantial an injury or threatened injury must be to confer standing. The purpose of standing doctrine is to insure that plaintiffs will be able to adequately present the relevant issue of a case to a reviewing court in an adversary context. Inquiries into the degree or directness of an injury, however, have little to do with the goal of adequate issue presentation. This is especially true because most litigation is handled by attorneys, whose ethical obligation to represent their clients zealously is unaffected by the degree or directness of any injury threatened to or sustained by their clients. *See* Canon 7 of the *Code of Professional Responsibility.* Nevertheless, courts have recently begun to apply very strict tests to injury in a wholly unjustifiable and dangerous manner. In *Warth v. Seldin, supra,* for example, the Supreme Court imposed such vague and overburdening injury requirements on the plaintiffs that plaintiffs in future actions can never be certain that they have satisfied those requirements. This problem is especially acute in actions raising difficult or controversial issues which the courts may be tempted to avoid by merely finding that the *Warth* requirements have not been satisfied. Moreover, irreconcilable standing decisions have been handed down by the courts even when the degrees of injury and likelihood of adequate issue presentation have been indistinguishable. Compare *Flast v. Cohen, supra,* with *United States v. Richardson, supra.* This type of confusion and abuse are contrary to the policy of this Act and should be expressly rejected by Congress. Congress should expressly approve the results in cases such as *Baker v. Carr, supra; Flast v. Cohen, supra; United States v. SCRAP, supra;* and *Evans v. Lynn,* —— F.2d —— (2d Cir., June 2, 1975) (No. 74–1793), which are more consistent with the true function of standing.

Section 6 of the Act replaces the old, ambiguous tests for standing with one which can be easily applied, yet bears a stronger relationship to issue presentation—the true function of standing. This is done by focusing on the constitutional component of standing and rejecting limitations that have been imposed by courts over and above the constitutional requirements. The result of this Act would be a liberalization of the rules of standing, which would not only reduce the burdens on courts and litigants but would expand law enforcement capabilities and make it easier for individuals to protect their interests.

*Constitutionality*

The constitutional authority of Congress to enact this legislation is clear. Standing doctrine is rooted in the case or controversy requirement for federal jurisdiction contained in Article III of the Constitution, a requirement designed to insure that plaintiffs are able to adequately present relevant issues to a court in a manner that will not require an advisory opinion to be rendered. *See e.g., Flast v. Cohen, supra,* 392 U.S. at 96–97; *Buckley v. Valeo, supra,* 519 F.2d at 850–51. The case law which has construed the constitutional requirement indicates that the plaintiffs whose standing is recognized by this statute will not deprive the courts of their Article III jurisdiction. *See United States v. SCRAP, supra,* 412 U.S. at 689, n.14; *see also Baker v. Carr, supra; Flast v. Cohen, supra.* In addition, because the Act will increase law enforcement and government accountability, plaintiffs basing their standing on the Act will serve a public interest function which has frequently been held to be sufficient for Article III purposes. *See e.g., Federal Communications Commission v. Sanders Radio Station, supra,* 309 U.S. at 477 (1940); *Scripps-Howard Radio, Inc. v. FCC, supra,* 316 U.S. at 14; *Associated Industries of New York State, Inc. v. Ickes, supra,* 134 F.2d at 704; *Office of Communications of the United Church of Christ v. FCC,* 359 F.2d 994, 1001 (D.C.Cir. 1966). *See also* Davis, *Administrative Law Treatise,* vol. 3, § 22.05.

The Supreme Court has never denied a plaintiff standing because of a constitutional defect. Whenever standing has been denied it has been for reasons unrelated to the Constitution which have been termed "prudential limitations" on standing. *See United States v. Richardson, supra,* 418 U.S. at 196; *Warth v. Seldin, supra,* 422 U.S. at 501. Consequently, there is no doubt that Congress has the authority to enact this legislation. Even in *Warth v. Seldin,* the Supreme Court indicated on four separate occasions, without objection by a single justice, that Congress could statutorily eliminate the prudential limitations on standing just as this Act does. Moreover, it is well established that Congress can create rights which would not exist absent congressional action and can grant standing to enforce those rights. *See e.g., Warth v. Seldin, supra,* 422 U.S. at 500; *Trafficante v. Metropolitan Life Ins. Co., supra; Davis, Administrative Law Treatise,* vol. 3, §§ 22.03 & 22.04.

*Impact on the courts*

Although more plaintiffs will have access to the courts under this Act, there is no reason to believe that courts will become over-burdened. As Mr. Chief Justice Burger noted concerning administrative proceedings in *Office of Communication of the United Church of Christ v. FCC, supra,* 359 F.2d at 1006:

"The fears of regulatory agencies that their processes will be inundated by expansion of standing criteria are rarely borne out. Always a restraining factor is the expense of participation in the administrative process, an economic reality which will operate to limit the number of those who will seek participation; legal and related expenses of administrative proceedings are such that even those with large economic interests find the costs burdensome."

The same economic reality will prevent overburdening of the courts under the proposed legislation, and because this legislation will provide long needed clarification of the law, judicial resources will be saved rather than drained. The Act seeks to continue the trend toward meaningful standing rules begun by the Supreme Court in *Data Processing, supra,* and *Barlow v. Collins,* 397 U.S. 159 (1970), a trend that need not be feared. As Professor Davis has stated:

"Why should not 'any citizen' or 'any person' be allowed to litigate any question in which the public has an interest? Some state courts have gone about this far, and experience has shown that no significant harm seems to result.

"The difference between the law that stems from *Data Processing* and *Barlow* differs only slightly from a system of allowing 'any person' to litigate any question in which the public has an interest." [Davis, *Administrative Law Text,* 1972, at 429].

The public has a strong interest in seeing that our administrative agencies act within the bounds of law, and here, where there is no reason to believe that relaxed standing requirements will overburden the courts, private civil enforcement of the laws regulating our administrative agencies should be welcomed rather than discouraged.

This legislation is designed to increase the number of cases which are decided on the merits, and nothing herein should be construed to limit the availability of judicial review that currently exists. Standing doctrine should not be used as a device for achieving ends which are ulterior to those of adequate issue presentation, nor should standing be used to insulate private interests or particular agency actions from review. There is no danger that courts will be forced to decide cases which they are unequipped to decide as a result of this Act. Justiciability doctrines such as the political question limitation, as well as summary adjudication procedures allowing cases to be disposed of on motions to dismiss and motions for summary judgment, will prevent

non-justiciable issues from being thrust upon the courts.

Subsection (c) entitles any person with standing under section 6 to raise all issues reviewable under the Administrative Procedure Act. The purpose of this subsection is to eliminate disputes regarding which issues may be raised by which parties to an action for review, by simply giving proper plaintiffs standing to raise all objections to the legality of the action being reviewed, provided that the scope of 5 U.S.C. § 706 is not exceeded. In this regard, the Act approves the holding in *Iowa Independent Bankers v. Board of Governors of the Federal Reserve system*, 511 F.2d 1288, 1293–94 (D.C. Cir. 1975).

Subsection (d) of the Act indicates that the Administrative Procedure Act constitutes an independent basis of federal jurisdiction, and is intended to end any further dispute over this issue. This section is not, however, intended to alter statutory schemes which currently allow direct appeals to the courts of appeals to review agency actions.

Nothing in this Act is intended to modify the prohibitions in statutes such as the Anti-Injunction Act, 26 U.S.C. § 7421 or 28 U.S.C. § 2201.

SEC. 7. TAXPAYER STANDING.—This section of the Act grants taxpayers standing to challenge the legality of expenditures of federal tax revenues. It is intended to overrule cases such as *Frothingham v. Mellon*, 262 U.S. 447 (1923), which denied taxpayers standing to challenge the constitutionality of tax expenditures. While the Act approves the result in *Flast v. Cohen, supra*, which allowed standing to maintain such an action, this section is intended to abandon the meaningless "nexus" tests set out in *Flast. See United States v. Richardson, supra*, 418 U.S. at 183 (Powell, J., concurring).

Many actions reviewable under this section would also be reviewable under section 6 by filing suit against an appropriate government official or agency. Section 7, however, allows actions for recovery of wrongfully expanded tax revenues to be maintained on behalf of the government directly against the party who received the illegally expended funds. This avoids the necessity of two separate lawsuits, which would be required under section 6—one against the agency responsible for recovering the tax revenues to compel it to recover the funds, and a second suit for recovery brought by that agency against the recipient of the revenues. A second function of section 7 is to recognize the strong nexus which exists between taxpayers and the expenditure of the funds which they have contributed to the Federal Treasury, and to allow maintenance of actions based on that nexus. Nearly every state has recognized this nexus and has authorized taxpayer suits. *See e.g.*, 15 Calif. Code of Civil Prac. § 526a. *See also Flast* v. *Cohen, supra*, 392 U.S. at 108 n. 4 (Douglas, J., concurring); Davis, *Administrative Law Treatise*, vol. 3, § 22.09. It should also be noted that state courts have not been confronted with uncontrollable floods of litigation because of taxpayer suits.

This section does not authorize private plaintiffs to challenge the sufficiency of individual tax payments, but is limited to challenging expenditures of tax revenues. Like section 6, however, this section does authorize actions by private individuals which challenge the legality of Internal Revenue rules and regulations, revenue rulings, and other interpretative orders and opinions.

In order to maintain a section 7 action, the plaintiff must have been subject to a federal tax in the fiscal year in which the action is filed or in the immediately preceding fiscal year. It would be difficult to achieve a direct or meaningful matching between the plaintiff's actual tax contribution and the expenditures under review. Because of deficit spending, the fact that funds improperly expended at one time for one purpose would have been available at another time for another purpose, and the other economic factors which make annual accounting meaningful in only a theoretical sense, this section has not required taxpayer plaintiffs to show that they contributed some of the funds at issue. Rather, the requirements for taxpayer standing have been designed for ease of application. This section does not exceed the "case" or "controversy" limits of Article III of the Constitution because, as *Flast* v. *Cohen, supra*, indicates, a taxpayer's interest is sufficient to confer Article III jurisdiction, even without a showing that the plaintiff actually contributed some of the funds at issue. *See also*, Davis, *Administrative Law Treatise*, vol. 3, § 22.09. Moreover, because Congress has recognized in subsection (b)(1) that taxpayers have an interest in preventing the unlawful expenditure of tax revenues, the constitutionality of this section is also established by *Trafficante, supra. See also*, Davis, *Administrative Law Treatise*, vol. 3, § 22.03.

Subsection (c) of section 7 requires that no action may be brought under this section unless the Attorney General has been notified of the basis of the alleged illegality of the expenditure at least sixty days prior to the commencement of suit. As in subsection 6(b), the notice requirement is not jurisdictional and may be dispensed with if prior action is necessary in order to obtain meaningful judicial relief, but this will occur only under unusual circumstances. The purpose of the notice provision is to inform the Attorney General, as chief legal officer of the United States, that the legality of federal tax expenditures is being contested.

Subsection (d) grants an independent basis of jurisdiction for taxpayer suits.

SEC. 8. PARTIAL INVALIDITY.—This section provides that if any provision of this Act should be held unconstitutional, the remainder of the Act shall remain in force. In the unlikely event that a particular plaintiff seeking standing under the Act is found to have an interest so remote that no Article III "case" or "controversy" exists, that particular lawsuit may be dismissed without affecting the constitutional validity of the Act itself.

CONCLUSION

The Administrative Procedure Review Act of 1976 has the potential of solving virtually all of the problems that have arisen under the current law of standing. By clarifying the legal standards, the Act will reduce litigation concerning this issue and conserve judicial resources. By eliminating "prudential limitations" and focusing on the constitutional basis of standing, the Act will prevent abuse of the doctrine. Under the act, government accountability will be increased and all of us will be better able to protect our interests from the effects of unlawful Government actions. Moreover, citizen participation in Government will be increased and Government agencies will be forced to operate within the bounds of the law. Therefore the Administrative Procedure Review Act should be given a high priority by the 94th Congress.

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EXHIBIT 2

EXCERPTS FROM HOUSE REPORT NO. 94–1014 TO ACCOMPANY H.R. 12048—ADMINISTRATIVE RULEMAKING REFORM ACT OF 1976

PURPOSE

The purpose of the proposed legislation, as amended, is to provide for congressional review of regulations issued by federal departments and agencies. The bill would provide for disapproval of proposed regulations by concurrent resolution of the Congress, and for a direction by a resolution of either House of Congress requiring departments and agencies to reconsider proposed or existing regulations. In order to relate these procedures to the rulemaking procedures of the Administrative Procedure Act, conforming and related amendments are made to sections governing administrative procedure and judicial review in title 5 of the United States Code.

OUTLINE OF PROVISIONS OF THE BILL

*Section 1*

The popular name of the Act is to be the "Administrative Rulemaking Reform Act of 1976".

*Section 2*

*Subsection (a)* Amends section 551 of title 5 to revise the definition of "rule" as basically "an agency statement of general applicability". Also as required by new chapter 6 on congressional review, "emergency rule" is defined as a rule of temporary effectiveness without the usual notice and comment procedure upon specific agency findings of necessity.

A new paragraph (6) defines "ratemaking and cognate proceedings" by including present language which *now* includes this type of activity within the meaning of "rule".

*Subsection (b)* adds to "rulemaking" in section 556(d) the term "ratemaking and cognate proceedings" concerning submission of written evidence.

*Subsection (c)* makes the same amendment to section 557(b) including "ratemaking and cognate proceedings" with "rulemaking" for exceptions to the requirement of initial decisions.

SECTION 3

This section revises section 553 on rulemaking.

*Subsection (a)(1)*, restricts the present exception for notice and comment rulemaking for military or foreign affairs functions to those functions authorized "under criteria established by Executive Order to be kept secret in the interest of national defense or foreign policy" which is properly so classified.

*Subsection (a)(2)* would delete the present exceptions for "public property loans, grants, benefits, or contracts."

*Subsection (b)(1)(A)* is amended to add to the present requirement for notice of proposed rulemaking in the Federal Register the requirement that agencies make a reasonable attempt to inform those likely to be affected by the proposed action, or, representative members of large groups. Present language concerning personal service or actual notice is transferred to subsection (b)(1)(B).

*Subsection (b)(1)(B)* contains present language of 553(b) dispensing with notice in case of personal service or actual notice in accordance with law.

*Subsection (b)(2)* revises the present language of (b) as to the contents of the notice of rulemaking, with a new requirement of statement of the "projected effective date of rules", and an added requirement in (B) of a statement of the purpose of the proposed rulemaking.

The three items (C) (D) and (E) add requirements for the notice including a description of the subjects of the rulemaking and of the major issues, text of the proposed rule, and identification of studies which the agency intends to rely upon.

New Subsection (b)(3) provides exceptions to the notice and comment procedure. While retaining an exception for rules of agency organization, practice or procedure, it does not contain an exception for interpretive rules or statements of general agency policy. An exception is provided for rules of a "routine nature" or "insignificant impact". Presently, the exception is that for "good cause" the agency must find that these procedures are "impracticable, unnecessary, or contrary to the public interest." An exception is provided for emergency rules.

An agency may invite differing points of view, may create advisory committees, or use

other means to obtain suggestions on rulemaking prior to giving notice of that rulemaking.

Subsection (c) fixes a minimum of 45 days for notice of rulemaking. Written statements are to be received with the right to hold oral presentations. It further defines the requirements for the person or persons who shall preside at any such hearing. An agency is authorized to utilize an appropriate procedure for resolution of a "significant controversy over a factual issue." The agency would then be required to state its resolution of the issue and its reasons. A new requirement provides for maintenance of a file for each rulemaking proceeding together with an outline of items to be included.

New subsection (d) is an expansion of present language of § 553(c) requiring a statement of the basis and purpose of adopted rules. The new requirements would include a statement of the purpose, the legal authority for the rule, statements required by law, and also a requirement that the rulemaking file contain a statement of the reasons for rejecting points raised in opposition to the rule.

New subsection (d)(2) would bar adoption of a rule "substantially different" from the proposed rule unless interested persons were apprised of the differences and given an opportunity to comment.

New subsection (e) is a revision of present subsection (d) on rules with immediate effect on publication or service. These include a rule which grants or recognizes an exemption or relieves a restriction, and a rule exempt from public notice and comment under subsection (b)(3); that is, rules of agency organization, practice or procedure "routine nature" or "insignificant impact" or emergency rules which may also be effective immediately.

As to other rules, the effective date is to be governed by sections 602(a) and 603(b) in the congressional review chapter.

*Subsection (f)* concerns the commencement of rulemaking procedures upon issuance of an emergency rule. There is a limit of 60 days for public comment with provision for an additional 30 days if found necessary. The rule is then to be issued within 30 days. Finally it is provided that the emergency rule is to expire in 210 days or upon the effective date of a final rule.

*Subsection (g)* provides that when rules by statute are required to be made on the record after hearing, sections 556 and 557 are to apply to significant issues of fact in dispute, instead of subsections (b), (c) and (d) of revised section 553. Present subsection (c) has similar language but does not have the reference to "significant issues of fact in dispute."

*Subsection (h)* is essentially a restatement of present subsection (g) on the right to petition for a rule's issuance, amendment or repeal.

*Subsection (i)* provides language somewhat similar to that found in the Federal Register Act (44 USC 1507) and the Freedom of Information Act (5 USC 552) as to the effect of a rule which fails to comply with the section.

SECTION 4

Section 4 of the bill adds a new chapter 6 to title 5 of the United States Code concerning congressional review of agency rule making.

*New section 601* defines terms applicable to the chapter and with limited exceptions incorporates the definitions of sections 551 of chapter 5 on administrative procedure. The terms "rule" and "emergency rule" are subject to certain limited exceptions which are also found in the rulemaking provisions of section 553. The term "'promulgation" means filing with the Office of Federal Register for publication.

*Section 602* provides for resolutions of disapproval. Upon promulgation, a copy of a rule is to be transmitted to the Secretary of the Senate and the Clerk of the House. A promulgated rule (other than an emergency rule) will not go into effect if both Houses of Congress adopt a concurrent resolution disapproving the rule. A rule will also be disapproved if one House adopts the concurrent resolution within 60 days and the other House fails to take adverse action on the resolution.

If no committee of either House has reported such a concurrent resolution or has been discharged within 60 calendar days or neither House has passed it, the rule may go into effect. If any of those events occur and the resolution is not disapproved, it can go into effect not sooner than 90 days after promulgation.

In the absence of a statute modifying the agency's powers, the agency may not promulgate a new rule or an emergency rule identical to one disapproved under the section. After such disapproval, the procedures for rule on that subject proposed within less than 12 months may be limited to changes in the rule.

*Section 603(a)* provides that either House can pass a resolution directing an agency to reconsider an existing rule (other than an emergency rule) or a proposed rule. If such a resolution is adopted by either House within 90 calendar days of continuous session after promulgation, a new rule will not go into effect and the agency must then reconsider the rule and within 60 days either withdraw or repromulgate the rule or it will lapse. A repromulgated rule is subjected to the congressional review provisions of Chapter 6.

If, within 60 days of promulgation, a committee of either House has not reported a resolution for reconsideration or has not been discharged within 60 days after promulgation, the rule goes into effect. If a committee has reported or has been discharged and the resolution doesn't pass the House concerned, the rule may go into effect in 90 days.

Subsection 603(c) of section 603 concerns resolutions for reconsideration of rules which have gone into effect. If, after 180 days of passage of such a resolution the rule has not been repromulgated, the rule shall lapse. Prior to 60 days before repromulgation the agency must give notice of the repromulgation proceedings, and the notice and proceeding must comply with section 553(b) and (c) as to procedures for rulemarking. (The exceptions in 552 (b)(3) will not be applicable.) Rules repromulgated within 180 days of passage of the reconsideration resolution take effect as provided in section 602(a), and during the period fixed for congressional review, the reconsidered rule may remain in effect.

Subsection (d) makes it clear that a concurrent resolution of disapproval supersedes a resolution for reconsideration of the same rule or a part thereof.

*Section 604* provides that where a law places a time limit for rule making and a concurrent resolution of disapproval passes the Congress, the agency must adopt the rule and the time limit in the specific statute is to apply to the renewed rulemaking from the date of final approval of either type of resolution.

*Section 605* provides for the computation of "calendar days of continuous session of Congress" as that term is used in chapter 6. The period is interrupted only by a sine die adjournment, but days in which either House is not in session because of an adjournment of more than 3 days to a day certain are to be excluded from the computation.

Section 606(a) provides for the congressional procedure for the consideration of resolutions of disapproval and for reconsideration and states that the provisions of the section are enacted as an exercise of the rule making power of the Senate and the House of Representatives and are to be deemed a part of the rules of each House while recognizing the Constitutional right of either House to change its rules. The provisions of the section are to be applicable only with respect to the procedure to be followed by each House in the case of resolutions described in section 602 [disapproval of proposed rules] and section 603 [reconsideration of rules].

Subsection (b)(1) requires that resolutions of disapproval and resolutions for reconsideration of a rule are to be immediately referred to the standing committee having oversight and legislative responsibility over agency.

In subsection (b)(2) of section 606 it is provided that a committee may be discharged for a concurrent resolution of disapproval or a resolution for reconsideration. As to concurrent resolutions of disapproval of a proposed rule under section 602(a) or a resolution for reconsideration of a proposed rule under 602(b), a committee can be discharged of consideration after 45 "calendar days of continuous session" from referral of either type of resolution. A committee can be discharged from consideration of a resolution for reconsideration of an effective rule under section 603(c) when 90 such days elapse from date of referral.

When a concurrent resolution has been adopted by one House of Congress, it is provided in § 606(b)(3 )that the committee to which it is referred in the other House which fails to report in 15 days may be discharged of its consideration.

Subsection (b)(4) of section 606 provides that a motion to discharge must be supported by one-fifth of the Members of the House of Congress involved, and is highly privileged in the House and privileged in the Senate (except that it may not be made after the committee has reported a resolution of disapproval or for reconsideration with respect to the same rule); and debate thereon shall be limited to no more than 1 hour, the time to be divided in the House equally between those favoring and those opposing the motion to discharge and to be divided in the Senate equally between, and controlled by, the majority leader and the minority leader or their designees. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

Subsection (c) of section 606. The consideration of a resolution of disapproval or for reconsideration is to be in accord with the rules of the Senate and of the House of Representatives, respectively. Except that subsection 606(c) provides that when a committee has reported or has been discharged from further consideration of a resolution with respect to a rule, it would be in order to move to consider the resolution, and the subsection defines the procedure.

*Section 607* concerns the effect on judicial review of congressional review procedures, and provides that congressional inaction on or rejection of a resolution of disapproval or for reconsideration is not to be deemed an expression of approval of the rule.

*Section 608* provides for Administrative Conference study of the new congressional review process. A report would be made to Congress on or before July 1, 1982, and the sum of $200,000 would be authorized to be appropriated for the study.

*Section 4(b) of the bill*

Subsection (b) adds the reference to new chapter 6, Congressional Review of Agency Rule Making, to the table of chapters in part 1 of Title 5, United States Code.

*Section 4(c) of the bill*

Subsection (c) of the bill provides that the provisions of chapter 6 of Title 5, United States Code, would supersede any other provisions of law governing procedures for congressional review of agency rules to the extent such other provisions are inconsistent with such chapter for the period of three congresses fixed in Section 6 of the bill.

*Section 5*

This section makes amendments of section 706 on scope of review of Title 5 to conform that section to changes made by the bill to Section 553 of that title. It adds a reference in § 553(c)(3) concerning procedures where there is a "significant controversy over a factual issue" as to a proposed rule. Section 706 is also amended by the addition of a new clause (G) to section 706 providing as an additional basis for holding unlawful and setting aside agency action, findings and conclusions, a determination that such action is unwarranted by material in the rulemaking file.

*Section 6*

This section makes the Act effective at the beginning of the 95th Congress. It also provides that section 4 (adding Chapter 6 to Title 5) will lapse at the end of the 97th Congress unless renewed prior to the sine die adjournment of that Congress.

## ADDITIONAL COSPONSORS OF BILLS AND RESOLUTIONS

S. 2679

At the request of Mr. CASE, the Senator from Wyoming (Mr. MCGEE) and the Senator from Iowa (Mr. CLARK) were added as cosponsors of S. 2679, a bill to establish a Commission to monitor compliance with the Helsinki Accords.

S. 2732

At the request of Mr. ROTH, the Senator from Arizona (Mr. FANNIN) was added as a cosponsor of S. 2732, a bill to amend the Internal Revenue Code of 1954 to permit an individual to deduct amounts paid by that individual for retirement savings for the benefit of his spouse.

S. 2870

At the request of Mr. MONTOYA, the Senator from Maryland (Mr. BEALL) was added as a cosponsor of S. 2870, a bill to amend the Internal Revenue Code of 1954 to treat Federal retirement system income the same as social security income to the extent that such retirement income does not exceed the sum of old-age benefits which may be received under title II of the Social Security Act and amounts which may be earned without reducing such benefits.

S. 2962

At the request of Mr. HUGH SCOTT, the Senator from California (Mr. CRANSTON) was added as a cosponsor to S. 2962, a bill to require the U.S. Postal Service to make certain considerations prior to the closing of the third and fourth-class post offices.

S. 3076

At the request of Mr. NUNN, the Senator from Mississippi (Mr. EASTLAND) and the Senator from New Mexico (Mr. DOMENICI) were added as cosponsors of S. 3076, the Paperwork Review and Limitation Act of 1976.

S. 3144

At the request of Mr. BUCKLEY, the Senator from Nevada (Mr. GARN) was added as a cosponsor of S. 3144, a bill to authorize competition in the delivery of first-class mail.

REMOVAL OF A CONSPONSOR

S. 3183

At the request of Mr. HASKELL, the Senator from Minnesota (Mr. MONDALE) was removed as a cosponsor to S. 3183, the Black Lung Benefits Reform Act of 1976.

S. 3226

At the request of Mr. BURDICK, the Senator from Rhode Island (Mr. PELL) was added as a cosponsor of S. 3226, a bill to amend title 38 of the United States Code to remove the time limitations within which programs of education for veterans must be completed.

S. 3254

At the request of Mr. ROBERT C. BYRD, the Senator from New Jersey (Mr. WILLIAMS) was added as a cosponsor of S. 3254, a bill to amend the act to encourage domestic travel in order to authorize the Secretary of Commerce to provide certain assistance to projects carrying out the purposes of such act.

S. 3254

At the request of Mr. GRIFFIN, the Senator from New York (Mr. JAVITS) was added as a cosponsor of S. 3254, a bill to amend the act to encourage domestic travel in order to authorize the Secretary of Commerce to provide certain assistance to projects carrying out the purposes of such act.

SENATE RESOLUTION 400

At the request of Mr. RIBICOFF, the Senator from Montana (Mr. MANSFIELD), the Senator from Delaware (Mr. BIDEN), and the Senator from Massachusetts (Mr. BROOKE) were added as cosponsors of Senate Resolution 400, a resolution to create a new Senate committee on intelligence activities.

SENATE CONCURRENT RESOLUTION 105

At the request of Mr. BROOKE, the Senator from Washington (Mr. JACKSON) was added as a cosponsor of Senate Concurrent Resolution 105, expressing the sense of the Congress regarding democracy in Italy and participation by Italy in the North Atlantic Treaty Organization.

## SENATE RESOLUTION 431—SUBMISSION OF A RESOLUTION RELATING TO CONTRACTING PRACTICES DETRIMENTAL TO THE SUGAR BEET PRODUCERS OF NEBRASKA

(Referred to the Committee on Agriculture and Forestry.)

Mr. CURTIS submitted the following resolution:

S. RES. 431

Whereas the majority of sugar beet growers in Nebraska have heretofore entered into contracts with one major sugar company prior to planting their crops of sugar beets; and

Whereas such company has refused to enter into contracts with such growers for the 1976 crop on the same or similar terms as in past years when the Sugar Act of 1948 was in effect; and

Whereas such growers have no reasonable alternative to entering into a contract with such company for the current crop of sugar beets, other than not producing sugar beets; and

Whereas such growers will be forced to suffer at least a 10 percent loss from previous contract terms; and

Whereas the time for planing sugar beets in Nebraska during the current crop year is imminent: Now, therefore, be it

*Resolved*, That the Committee on Agriculture and Forestry, or any duly authorized subcommittee thereof, is authorized and directed under sections 134 (a) and 136 of the Legislative Reorganization Act of 1946, and in accordance with its jurisdiction under rule XXV of the Standing Rules of the Senate to make a full and complete study and investigation with respect to—

(1) allegations made by sugar beet growers in Nebraska to the effect that the sugar company with which they have contracted in prior years is, in effect, forcing them to accept unfair and inequitable contract terms because such company is the only reasonable source available to them for the sale of their commodity;

(2) the extent to which such company is or has been engaging in monopolistic or other unfair trade practices in dealing with the growers of sugar beets in Nebraska;

(3) the extent to which such sugar company is involved with sources of sugar which are competitive with beet sugar, and the consequences of such involvement, if any, on the negotiations of such company with sugar beet producers;

(4) the failure of such company to enter into timely contract negotiations with such growers with a view to determining whether such company has engaged in any unfair, unethical, or illegal practices in dealing with such growers;

(5) the need for legislation or other action to prevent unfair, illegal, or discriminatory practices against such sugar beet growers and to insure that such growers will be able to contract for the production of their sugar beet crops on reasonable terms and conditions; and

(6) such other matters as the Committee on Agriculture and Forestry may deem appropriate in connection with the subject under study and investigation.

SEC. 2. The Committee on Agriculture and Forestry shall report the results of its study and investigation to the Senate at the earliest practicable date, but not later than 30 days after the Resolution is agreed to, together with such recommendations as it considers appropriate.

## SENATE RESOLUTION 432—SUBMISSION OF A RESOLUTION ON DECONTROL OF RESIDUAL FUEL OIL

(Referred to the Committee on Interior and Insular Affairs.)

Mr. METCALF (for himself and Mr. HOLLINGS) submitted the following resolution:

S. RES. 432

*Resolved*, That the Senate does not favor the energy action numbered 1 (one) transmitted to Congress on April 1, 1976 by letter to the President of the Senate dated March 29, 1976.

Mr. METCALF. Mr. President, today I am submitting a resolution in accordance with procedures specified in section 551 of the Energy Policy and Conservation Act (Public Law 94–163) expressing the Senate's disapproval of the proposal by the Federal Energy Administration to exempt residual fuel oil from the price and

allocation controls. This FEA proposal was made part of the RECORD in the Senate on April 1, 1976, and would become effective at the end of 15 legislative days unless disapproved by either House of Congress. In the case of the Senate this period would extend through the Easter recess.

Residual fuel oil is widely used to generate electricity and to serve as a source of primary energy for the industrial sector of the economy. Serious questions of public policy are raised by the FEA proposal to remove controls from the sale of this product, particularly in view of the FEA amendments to the crude oil entitlements program as it relates to the production of residual fuel oil. I have written to FEA Administrator Frank G. Zarb requesting detailed response to these questions. I ask unanimous consent that this letter be printed in the RECORD at the conclusion of my remarks.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. (See exhibit 1.)

Mr. METCALF. I am submitting a resolution of disapproval of the FEA's proposal to remove controls from residual fuel oil because I feel strongly that the Senate should have an opportunity to utilize the procedures contemplated in the Energy Policy and Conservation Act to consider this issue. I expect that Mr. Zarb's response to my letter will provide much-needed clarification of impact of the FEA's program for residual fuel oil. If the FEA fails to respond adequately, the resolution will provide the Senate with a mechanism to express its disapproval of this program.

EXHIBIT 1

COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
*Washington, D.C., April 12, 1976.*

Hon. FRANK G. ZARB,
*Administrator, Federal Energy Administration, Washington, D.C.*

DEAR MR. ZARB: The Committee has received the Federal Energy Administration's March 29, 1976 proposal to exempt residual fuel oil from price and allocation regulations as well as FEA's related amendments to the crude oil entitlements regulation for dealing with East Coast market conditions.

The extensive public record before the FEA on both of these matters highlights the fundamental importance of residual fuel oil to our national economy and particularly to the regional economies and consumers of the East Coast. Should these regulatory actions result in higher residual fuel oil prices they will automatically increase electricity costs to both consumers and industry, thereby reducing consumer purchasing power, reducing the level of industrial activity and increasing the price of consumer goods. These consequences would fall on a national economy barely emerging from severe and sustained economic doldrums, and an East Coast economy which is still ravaged by unacceptable levels of unemployment. In light of these conditions, and the open ended price uncertainties of decontrol, I have serious questions concerning the timing and many aspects of the Administration's proposal to decontrol the price of residual fuel oil.

FEA's new modifications to the entitlement regulation appear to establish substantial disadvantages in feedstock costs for domestic refiners selling to the East Coast as opposed to other domestic refiners selling to the remainder of the country. The result, according to FEA's own findings, is "that domestic price will equate to world price of residual fuel oil in markets which are dependent on imported product [i.e., the East Coast]; *interior domestic prices* will conform to lower average domestic crude costs." It is my understanding that these differentials between the East Coast and the remainder of the U.S. could be on the order of $1.50 per barrel.

Leaving the fate of the entire East Coast to the mercy of "world" price levels dictated by the OPEC cartel while the remainder of the country benefits from "lower average domestic crude costs" does not appear to square with FEA's obligation under the Emergency Petroleum Allocation Act to insure "equitable prices among all regions and areas of the United States."

On the other hand, if FEA expects residual oil prices in the rest of the country also to rise to levels established by the OPEC cartel, I cannot see how FEA can justify permitting "lower average domestic crude costs" to result in additional profit for refiners rather than lower prices to consumers.

In initiating its study of residual oil pricing, FEA expressed concern about reducing costs for residual fuel oil sellers under the entitlements program after decontrol because price controls on residual fuel were necessary "to ensure that entitlement revenues are passed through." It seems peculiar that FEA has now come to the contrary conclusion that the limited entitlement benefits it has made available to the East Coast will somehow be passed through the consumers after decontrol.

Proper consideration by the Congress of the Administration's proposal to remove price and allocation controls from residual fuel oil requires that Congress fully understand the impact of both the recent modifications of the entitlement program and the proposal to remove controls from residual fuel oil now pending before the Congress under the fifteen day review program provided for in the Energy Policy and Conservation Act. In addition to the questions raised above specific information is needed in the following areas concerning the entitlements program and the decontrol proposal:

1. Why are East Coast residual oil prices maintained under the new entitlements program at a level of aproximately $1.50 a barrel or 3.5 cents per gallon higher than residual oil prices in other parts of the country?

2. After decontrol what will prevent sellers of residual fuel oil from increasing their profits by charging the world price rather than passing the benefit of the entitlements program subsidy on to consumers in the form of reduced prices?

3. Does the Administration's new entitlements program in effect deny East Coast consumers the benefits of reduced prices caused by the removal of the oil import tariff and instead grant this benefit to Caribbean refiners by maintaing or increasing East Coast residual fuel oil prices?

4. Does the Administration's program reduce or remove competitive pressures and other incentives which had caused Venezuela, an OEPC cartel member, to reduce residual oil prices in recent months?

5. Does the decontrol program invite users of residual oil to switch to home heating oil and other distillates which remain under price controls and thereby create a possibility of regional distillate shortages?

6. Does the Administration program create new incentives to export refining capacity which should be located in the United States?

7. Does the Administration's program make it likely that any increase in demand for residual fuel oil will be filled from foreign, rather than domestic, sources and will it therefore tend to increase oil imports?

8. Why hasn't the reduction in crude oil and refined product costs associated with removal of the oil import tariff on December 22, 1975 been passed through to consumers? What role have the "banked costs" of refineries played in this delay?

I raise these questions because I believe they pose serious issues of energy policy and public policy which require careful consideration by the Congress. I recognize that the Administration's complex modification of the entitlements regulation is designed to reduce a competitive advantage currently enjoyed by the Amerada Hess Corporation over other Caribbean refineries, including those recently nationalized by Venezuela.

I am hopeful that your detailed response will enable the Congress to make an informed decision on this problem, on the decontrol program, and possibly to suggest other alternatives which would better achieve agreed-upon objectives of national policy and, at the same time, provide protection and equitable treatment to East Coast consumers, industry and electric utilities.

Attached for your review and response is a more detailed presentation of these and other questions. Inasmuch as Congress has only a very limited opportunity and period of time to review the decontrol program before determining whether to permit to become effective, I would appreciate your response to these questions no later than 1:00 p.m. on April 26, 1976.

Sincerely yours

LEE METCALF,
*Acting Chairman.*

## AMENDMENTS SUBMITTED FOR PRINTING

### DISCRIMINATORY IMPOSTS ON WINE—S. 1624

AMENDMENT NO. 1594

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

Mr. GRIFFIN submitted an amendment intended to be proposed by him to the bill (S. 1624) to promote the free flow of commerce among the several States, and for other purposes.

(The remarks of Mr. GRIFFIN when he submitted the amendment appear earlier in today's RECORD.)

### PUBLIC WORKS EMPLOYMENT ACT OF 1976—S. 3201

AMENDMENT NO. 1595

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

Mr. GRIFFIN submitted an amendment intended to be proposed by him to the bill (S. 3201) to amend the Public Works and Economic Development Act of 1965, to increase the antirecessionary effectiveness of the program, and for other purposes.

## NOTICE OF HEARING

Mr. METCALF. Mr. President, I wish to announce for the information of the Senate and the public that the Energy Research and Water Resources Subcommittee will continue markup on S. 3105, the ERDA authorization bill, on Tuesday, April 13 at 10 a.m. in room 3110, Dirksen Senate Office Building.

The hearing previously scheduled by the subcommittee for April 13 on S. 3145, the Energy Conservation Institute bill, has been rescheduled for Friday, April

30 at 10 a.m. in room 3110, Dirksen Senate Office Building.

## ANNOUNCEMENT OF OVERSIGHT HEARINGS ON THE SMALL BUSINESS ADMINISTRATION

Mr. NELSON. Mr. President, I wish to announce that the Select Committee on Small Business has scheduled a series of oversight hearings on the programs, policies, and procedures of the Small Business Administration as follows:

Thursday, May 6, 1976, room 318 Russel Office Building, 10 a.m.: SBA 7(a) financial assistance programs, second session (first session held February 23, 1976). Cochairmen: the Senator from Alabama (Mr. SPARKMAN) and the Senator from Oklahoma (Mr. BARTLETT).

The location for the following hearings, beginning at 10 a.m. each day, will be room 4221 of the Dirksen Office Building:

Friday, May 7, 1976: SBA surety bond program, third session (first and second sessions held on November 19 and 20, 1975). Cochairmen: the Senator from Alabama (Mr. SPARKMAN) and the Senator from Oklahoma (Mr. BARTLETT).

Friday, May 14, 1976: SBA 502, community development program. Cochairmen: the Senator from Alabama (Mr. SPARKMAN) and the Senator from Oklahoma (Mr. BARTLETT).

Thursday, May 20, 1976: SBA disaster assistance program. Cochairmen: the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Alabama (Mr. SPARKMAN), and the Senator from Oklahoma (Mr. BARTLETT).

Friday, May 21, 1976: SBA 7(a) financial assistance programs, third session. Cochairmen: the Senator from Colorado (Mr. HASKELL), the Senator from Oklahoma (Mr. BARTLETT), and the Senator from Alabama (Mr. SPARKMAN).

Friday, June 11, 1976: Oversight of SBA financial assistance to the single- and multi-family housing industry. Cochairmen: the Senator from Alabama (Mr. SPARKMAN), the Senator from Oklahoma (Mr. BARTLETT), and the Senator from Oregon (Mr. PACKWOOD).

Further information can be obtained from the committee offices at telephone 224-5175.

## CHANGE IN HEARING TIME

Mr. NELSON. Mr. President, the Small Business Subcommittee on Government Regulation will begin its hearing on "Overregulation of Small Business" at 9:30 a.m. instead of 10 a.m. as previously scheduled, on April 26 in Faneuil Hall, Boston, Mass. This hearing will be chaired by the Senator from New Hampshire (Mr. MCINTYRE), chairman of the subcommittee.

## ADDITIONAL STATEMENTS

## THE VIRGINIA BEACH PILOT ENERGY CONSERVATION PROGRAM

Mr. HARRY F. BYRD, JR. Mr. President, today I wish to call the attention of the Senate to a remarkable example of what can be achieved when the initiative and determination of individual citizens sets in motion a project that is truly useful to a community.

In this case, one man's original idea has given birth to an energy conservation program involving his fellow citizens, the government of his city, the government of his State and the Government of his Nation.

Mr. Donald W. Alcorn, of Virginia Beach, Va., was the originator. The idea was to obtain an accurate measurement of the economies which can be achieved by energy conservation measures in the home.

Mr. Alcorn, an engineer, studied this problem and came up with the suggestion of tabulating the utility bills of selected homes in his own city before and after certain improvements in insulation, equipment, and other devices were made.

He presented the suggestion to Louis R. Lawson, director of the Virginia Energy Office, an agency of the State government. Mr. Lawson was receptive and recommended the involvement of the city of Virginia Beach.

Mayor J. Curtis Payne of Virginia Beach also saw great merit in the proposal, and planning got underway. Citizens meetings were held, and homes selected for the energy conservation survey, which is now underway. The program was given the name, "The Virginia Beach Pilot Energy Conservation Program."

The Federal Government entered the picture when it was decided to seek help from the nearby Langley Research Center of the National Aeronautics and Space Administration. The Research Center has sophisticated and expensive infrared detectors which are capable of measuring graphically the results of missing or improperly installed insulation. Dr. Donald P. Hearth, Director of the Research Center, agreed to participation in the Virginia Beach program, to the degree possible, consistent with Langley's primary mission.

And so a very practical and very worthy project now is underway with full involvement of the citizenry in Virginia Beach, the government of the city, the government of State, and the Government of the country.

Mr. Lawson, whose office is funding the project, estimates the total cost at about $25,000. If meaningful results are obtained, there can be no doubt that this cost will be more than repaid by the knowledge gained and the steps that will be taken by Virginia Beach citizens to save energy in their residences.

And so today I want to salute Mr. Alcorn, Mr. Lawson, Mayor Payne, Dr. Hearth and all others who have had a part in this splendid undertaking.

I hope that the example of what is being done in Virginia Beach will inspire similar programs in other communities. Energy conservation is a high-priority goal in this country, and projects like the one begun in Virginia Beach can make a real contribution toward achieving that goal.

## FAIR HOUSING AND EQUAL OPPORTUNITY

Mr. JAVITS. Mr. President, April 11 marked the eighth anniversary of the signing of the fair housing law, title VIII of the Civil Rights Act of 1968.

As all of us in Congress are aware, title VIII makes it the policy of the United States to provide, within constitutional limitations, for fair housing throughout the United States.

Today, Mr. President, fully 8 years after passage of this landmark legislation, equality of access to housing is still unfortunately an unfulfilled promise for many Americans.

Each year in April, the Office of Fair Housing and Equal Opportunity in the Department of Housing and Urban Development—the Office charged with administering and enforcing the fair housing law, attempts to make Americans aware of their rights and responsibilities under the law and to encourage all Americans to practice the letter and spirit of the law.

On April 2 of this year, in a ceremony at the Department of Housing and Urban Development in commemoration of Fair Housing Month, Mr. James H. Blair, Assistant Secretary for Fair Housing and Equal Opportunity delivered remarks that eloquently summarized the case for fair housing in the United States. I ask unanimous consent that the text of Mr. Blair's remarks of April 2 be printed in the RECORD so that my colleagues can share this statement of America's fair housing pledge.

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

REMARKS BY JAMES H. BLAIR

Fair Housing is an American idea. Early in our history it was recognized that true personal freedom hinged on the individual's ability to move freely, hence to settle freely wherever he wished to settle.

It is an American idea for another reason: Segregated housing and the denial of access to any home within a person's financial means threatens the heart of the American way of life.

Fair housing is an American idea, lastly, because Americans believe in fair play, and fair housing is but an extension of that fundamental concept.

I believe fair housing is also an idea whose time has come. For if we are to meet the challenges that lie before us in other areas of concern—energy, economy, environment, industrial productivity and the like—if we are to meet these challenges, we must first set aside the differences that can prevent the fulfillment of our nation's manifold promise.

This year we are, in part, celebrating a revolution—one that helped create a unified nation from a handful of colonies. It is time now to set our sights toward another revolution—one of attitude—that can recreate a nation unified in the purpose of meeting the challenges that lie ahead.

The provision of "a decent home in a suitable living environment for every American . . ." is only one part of the overall task we face as we move into our third century.

If we achieve this, I believe we will gain the measure of maturity necessary to carry us successfully into and through the next two hundred years.

## ADMINISTRATION GIVES LOW PRIORITY TO NUTRITION RESEARCH

Mr. HUMPHREY. Mr. President, a recent study prepared by the Congressional Research Service of the Library of Congress and printed by the Senate Se-

lect Committee on Nutrition and Human Needs, and entitled "The Role of the Federal Government in Human Nutrition Research," revealed through hard data the total lack of emphasis placed on human nutrition research throughout the Federal Government. Although many of us suspect this to be the case, the severity of the problem comes as a harsh reality.

The report indicates that less than 3 percent of the USDA research budget in fiscal year 1974 was allocated for human nutrition research. This $10 million includes all such research both intermural and extramural, and thus, in this fiscal year only $715,000 of the USDA budget is designated for competitive grants in the area of food and nutrition research. With this in mind, the research takes and accomplishments of the State universities and land grant colleges are truly remarkable.

On March 17, Dr. M. C. Nesheim, representing the Commission on Home Economics of the National Association of State Universities and Land Grant Colleges testified before the House Agriculture Committee on the role of the Federal Government in human nutrition research. He believes that Federal food programs aimed at improving the nutritional status of our population should contain funding to allow for research that would provide information to increase their effectiveness. He further states that the resources available for nutrition research must be increased substantially before they will have an appreciative impact on nutrition research done in U.S. universities.

Mr. President, I call this paper to the attention of my colleagues, and remind them of the need for this wealthy country to take the necessary steps to improve the nutritional well-being of its people. A first step must be to develop a well planned nutrition research program in a number of areas such as:

First. Developing a systematic methodology for evaluating the nutritional status of individuals and target groups.

Second. Developing a system of monitoring the nutrient quality of our food supply with an emphasis on changes which occur through processing.

Third. Studying the loss of trace materials with manufacturing.

Fourth. Reviewing pharmaceutical agents which are consumed chronically and their effect on the micro-nutrient requirement of the individuals; i.e., birth control pills.

Fifth. Carefully reviewing the RDA and considering alternatives.

Sixth. Developing incentive programs for medical schools to develop nutrition curricula.

Seventh. Developing modern materials for teaching nutrition as part of health education in schools, health centers, and so forth. These programs would be in addition to the on-going programs such as the nutritional aspects of cardiovascular disease, et cetera.

Mr. President, I ask unanimous consent that the testimony of Mr. Nesheim be printed in the RECORD.

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

TESTIMONY AT HEARINGS BY THE HOUSE AGRICULTURAL COMMITTEE IN WASHINGTON, D.C. ON MARCH 17, 1976 BY M. C. NESHEIM, CORNELL UNIVERSITY *

I am very pleased to be able to participate in these hearings relative to the role of the Federal Government in Human Nutrition Research. I am Director of the Division of Nutritional Sciences at Cornell University. This Division is one of the largest university academic units in the United States emphasizing research, teaching, and extension in human nutrition.

Currently the research funds administered by this unit amount to about 1.3 million dollars annually. Of this, 24% comes from New York State, 62.5% comes from the Federal Government, and 13.5% from foundations, industry, or Cornell endowments.

The Federal funds for research come from the National Institutes of Health, the National Science Foundation, the Department of Labor, the Food and Drug Administration, the Agency for International Development, and the U. S. Department of Agriculture. The latter agency provides funds primarily through the Cooperative State Research Service. Of the federal research funds, 72.6% come from NIH and NSF, while only 10.5% come from the USDA.

As these figures indicate, we are highly dependent on the Federal Government for funding of human nutrition research.

The funds from NIH and NSF are all awarded under the competitive grant-peer review system employed by these agencies for awarding research funds. The USDA funds are awarded through the CSRS appropriations to the New York State Agricultural Experiment Station. Awards to individual projects are then made by local procedures.

I am not aware of any concerted intergovernmental agency planning that might effectively develop an overall plan or concern for human nutrition research. The National Institutes of Health has recently taken steps to identify nutrition efforts and concerns within that agency. There are some indications that a greater visibility for the needs of nutrition is now being achieved in NIH, at least in the area of training. The training of research workers with expertise and interest in nutrition problems is currently a major need.

The funding for nutrition research through the NIH and NSF is largely related to basic aspects of many subjects related to nutrition. Currently our faculty are supported in highly important areas that give information relative to questions of diet and heart disease relationships, early malnutrition and behavior, vitamin metabolism and function, nutrient availability in foods, and nutrition-drug interactions. Such funding of nutrition related research by the Heart and Lung Institute, the Institute for Arthritis and Digestive Diseases, and the National Cancer Institute is extremely important and is a recognition of the relationship of nutrition to the concerns of these institutes. I only hope that the interest in nutrition problems by the NIH increases.

Within the present framework of federal funding, support for some research areas of great importance is extremely limited. The Congress has become concerned with the nutritional status of the people of the United States and has funded several programs that have been intended to insure adequate diets for all of our citizens. The Food Stamp, School Lunch, WIC (Women, Infants and Children), Nutrition Programs for the Elderly, and EFNEP (Expanded Food and Nutrition Education Program) are important examples of such programs. Unfortunately, the methodology presently available for evaluating such programs is seriously inadequate. Research funding for studies that can develop and improve this methodology is difficult to obtain. We need to build a base of fundamental and applied research that will help make these intervention programs most effective.

New York State received 2.8 million dollars in 1975–76 for the Expanded Food and Nutrition Education Program. (EFNEP) program in the state. The objective of this program is to provide nutrition education to low income families with the ultimate hope that such education will improve their utilization of limited food buying resources. The Division of Nutritional Sciences is responsible for the program leadership of this educational program in New York State. We have highly competent and dedicated people who are carrying out this program. However, we are frustrated by the lack of funds to carry out research as to the most effective strategies to use for providing nutrition information to low income families. We need a great deal of basic information about these population groups to design most effective programs.

For example, we need to know what are the present food patterns of the households we wish to help? How are foods now purchased and in what amounts? What factors that influence what people eat are most subject to modification and how can this be done effectively? This requires a research effort to be carried out in close association with the program. Present guidelines preclude significant use of EFNEP funds for such research and other sources of funds to carry out the needed studies are limited.

The Congress is currently considering modifications to the Food Stamp program. A major difficulty in evaluating the present program has been the lack of sufficient objective evidence to indicate the impact of this program on the nutritional status of Food Stamp recipients. One reason for the lack of evidence is the unavailability of sufficiently sensitive indicators of nutritional status of our population. Nutrition survey methodology and nutritional status indicators need to receive much more attention from nutrition research workers.

Availability of research funds plays a major role in establishment of research priorities by the research community in the United States. One only needs to see the amount of activity in areas related to cancer and heart disease to recognize that available funds have redirected the efforts of many laboratories toward research programs in these areas.

I would support the concept that federal food programs, aimed at improving nutritional status of our population, should carry funding to allow for research that would provide information to increase their effectiveness.

In the present fiscal year, the USDA budget has $715,000 for research in Food and Nutrition available for Competitive Grants. The areas of inquiry being emphasized include methodology for nutritional surveillance of population groups, methods for altering food patterns to improve nutritional status and investigations as to factors affecting nutrient availability in foods. These are all important concerns and I support the need for research in these areas. The amount of funds available, however, is extremely small for the country as a whole. Because CSRS rules state that any one experiment station can only submit five proposals for the Competitive Grants covering all areas of agricultural research for which the CSRS has provided funds, several of our faculty with interest in nutrition research simply do not have access to even compete for such funds. Thus the resources available in these areas must be increased substantially before they will have appreciable impact on nutrition research done in U.S. universities.

I support the concept of improved planning and coordination of nutrition research efforts of various governmental agencies

* Representing the Commission on Home Economics of the National Association of State Universities and Land Grant Colleges.

Such planning and coordination is essential to give focus to the need for federal funding of human nutrition research, and to insure that funds are available for research dealing with the new and important questions facing both the nutrition community and those responsible for programs that are intended to improve the nutritional status of our people.

There is certainly a major awakening of interest in nutrition in this country today. We have not seen, however, a major increase in the resources available for nutrition research that are needed to provide answers to the many concerns expressed by this interest in nutrition. I support the efforts of this Committee to explore the funding of human nutrition research in this country. I hope such efforts may result in greater resources being made available by Federal agencies for the important problems of human nutrition research.

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## THE EFFECT OF FEDERAL REGULATION ON ENERGY

### I. INTRODUCTION

Mr. HRUSKA. Mr. President, I was unavoidably absent last Thursday because of commitments in my home State and could not participate in discussing the effects of Government regulation on energy and natural resources. I regret very much my absence during that discussion because this regulation is of great concern to Nebraskans. I now would like to share with my colleagues the reasons why Government regulation of energy has been harmful to many of the citizens of Nebraska and in considerable degree to the Nation as a whole.

Mr. President, Federal regulation of energy and natural resources has increased business costs for producers, has raised prices for consumers, has hurt competition, and has not treated all citizens alike. As if these effects were not serious enough, Federal regulation of our energy and natural resources has greatly increased our dependence on foreign imports for these essential commodities. As a result, this country's national security has been substantially compromised.

### II. INCREASED BUSINESS COSTS FOR PRODUCERS

Federal regulation increases the costs of doing business—any business. This is just as true for firms supplying energy as it is for firms in any other industry. Regulation means that manpower must be diverted to filling out forms, that the Federal Register must be followed religiously to keep up with the latest wrinkles in Federal regulations, and that the company's operations must be continuously changed to stay within the law. Standard Oil of Indiana has estimated that its costs in complying with regulations issued by the Federal Energy Administration for the period of mid-1974 through mid-1975 amounted to $3 million. The FEA is only 1 of 40 Federal agencies which require reports from Standard Oil of Indiana. In total, the company had to prepare 20,000 reports to Federal agencies during the time period.

These are only the more obvious costs imposed by regulation. When numerous, complex, and interrelated regulations are issued, then continually revised, planning becomes nearly impossible. How can producers plan for the future when they cannot predict what prices and costs will be because regulations are continuously being revised? The result of all this uncertainty is to discourage producers from developing new energy supplies.

I have heard from many Nebraskans on this very point. Mr. John F. Anderson, executive vice president of Farmland Industries, Inc., a major supplier of fuel products to agriculture in Nebraska and other Midwestern States, has written me about the confusion which continual modifications in FEA regulations have caused. Mr. Anderson states:

During January, February and March the FEA has proposed numerous rulemaking procedures that would revise or amend many sections of current regulatory programs. This ever-changing regulatory environment has created a high degree of uncertainty in the petroleum industry. We are not opposed to necessary regulations, we only ask the FEA to proceed in an orderly fashion and all affected, interlocking relationships of FEA regulations be fully explored before final modifications are adopted.

### III. FEDERAL REGULATION HAS RESULTED IN HIGHER ENERGY PRICES TO CONSUMERS AND HARMED NATIONAL SECURITY IN THE PROCESS

When regulation increases costs of doing business to producers, we may be sure that these costs are passed on to the consumer in the form of higher prices.

There is another reason why Federal regulation has increased energy prices to consumers. Too many legislators have forgotten about the "law of demand," a law they cannot repeal. Several Congressmen and Senators have complained that some energy price increases are not cost justified. It may come as a shock to many, but prices are not determined only by costs. When price controls reduce supply, demand increases the price for the remaining amount.

Mr. President, current developments in the domestic production of crude oil provide an illustration of this principle. With the enactment last December of S. 622, the Energy Conservation and Oil Policy Act of 1975, an already complex system of controls on domestic crude oil was made even more cumbersome. Why has the Congress insisted on price controls for domestic crude oil? Consumers do not buy crude oil; they buy products refined from crude oil. The only explanation for the insistence by the Congress for price controls on domestic crude is the belief that such action will lower costs of production to refiners. Then refiners will find their costs reduced—so this line of reasoning goes—and marketers will be next in line since the prices charged them by refiners will be less. Finally, consumers will find lower prices at the gas pumps.

Mr. President, it does not work this way. Price controls on domestic crude production have reduced domestic supplies of crude oil. Since the alltime high domestic crude oil production level of 9.6 million barrels a day set 5 years ago, output is now barely keeping above 8 million barrels a day. Soon, domestic production will be less than 8 million barrels a day because almost every month over the past 5 years has seen a lower figure set than the preceding month. Further evidence that this downward trend will continue is the decline in drilling of new wells. The number of rotary rigs actually in operation for the week ending March 22, 1976, was 1,526. For the same period last year the number of active rigs was 1,651. Why, despite an improving economy and increased petroleum demand, has the number of rigs used to drill for new oil actually declined? The major reason is price controls.

Mr. President, less crude oil, no matter what the price Congress sees fit to allow, will mean that fewer refined products can be produced. Fewer refined products will force consumers to bid against each other for the reduced supplies. The result will be higher prices for the final products which consumers actually buy.

Mr. President, this result would be starkly evident on this very day if reduced domestic supplies of crude oil had not been supplemented with increased imports. The New York Times reported on March 18, 1976, that imports for the previous week were 8.2 million barrels a day. By comparison, the figure for the same week last year was 5.2 million barrels a day.

But this is not all. The reliance of this country on imports coming from Arab countries has increased since the time of the OPEC embargo. In 1973, direct Arab oil supplies represented 6 percent of domestic demand. In 1975, the figure was nearly 10 percent. Mr. President, the potential for another oil embargo to cripple our economy has never been greater than it is right now, and this potential is increasing every day. Controls on domestic crude have replaced domestic oil with high-priced imports from unreliable sources. These controls have not reduced prices on petroleum products to consumers. The reverse is true. Prices are now higher to consumers because of these controls when one includes the degree of uncertainty these imports represent.

Also included in the bottom line is the damage done by these controls to national security. Mr. President, a nation dependent on imports for 40 percent of its petroleum supplies—and in recent weeks the figure has been more on the order of 50 percent—is not as secure from foreign influence as it should be.

### IV. FEDERAL REGULATION HAS HARMED BOTH FAIRNESS AND THE SYSTEM OF COMPETITION

The complex system of price controls on domestic crude oil, on refining, and on marketing of oil products has unfairly affected citizens in the Midwestern States—including Nebraska. When the OPEC oil embargo began in the fall of 1973, the eastern seaboard complained that it was being treated unfairly. It had grown dependent on cheap, foreign oil. When foreign oil was being sold for $2 a barrel at ports of entry, the east coast did not say to people in Nebraska: "Please, let us share our good fortune with you." Nor did people in Nebraska expect the east coast to subsidize them in return for the higher prices they were then paying for domestic crude oil. Now that the tables have been turned, the east coast expects the rest of the country to subsidize it. Eastern States were content to enjoy the benefits of cheap foreign oil, but now want others to assume the penalties when the gamble turned sour.

Under the entitlements program, which is part and parcel of the controls on domestic crude oil, refiners having access to controlled, domestic crude are required to subsidize and make cash payments to refiners using uncontrolled crude oil imports. This means that refiners short-sighted enough to become dependent on unreliable foreign sources for crude oil now receive tribute from refiners wise enough to assure themselves secure sources of supply. Is this equitable?

Since it is primarily the east coast that permitted itself to become dependent on foreign crude oil, the system of payments made under the entitlements program has resulted in the Midwest subsidizing the East. The results have been higher energy prices for people in Nebraska and in other midland States.

To illustrate, Oil Daily's 100 cities survey shows that regular grade gasoline prices—exclusive of taxes—are generally lower along the eastern seaboard.

Following is a list of the five lowest prices paid, as of March 16, 1976:

First. Miami, Florida—43.4 cents.

Second. Portland, Oregon—43.9 cents.

Third. New Haven, Conn.—44.4 cents.

Fourth. Springfield, Mass.—44.5 cents.

Fifth. Tampa, Florida and Washington, D.C.—44.8 cents.

Following is a list of the five cities experiencing the highest prices for regular grade gasoline, exclusive of taxes:

First. Omaha, Nebraska—49.9 cents.

Second. Chicago, Illinois—48.9 cents.

Third. Louisville, Ky.—48.8 cents.

Fourth. Minneapolis/St. Paul—48.6 cents.

Fifth. Boise, Idaho—48.5 cents.

Mr. President, these figures vividly illustrate in pocket book terms the unfairness of Federal energy regulations to the citizens of my State.

Even the Federal Energy Administration is aware that these regulations are unfair. The FEA is trying mightily to revise its regulations to be fair to everyone. But this is just not possible. In the effort to remove one set of inequities, the FEA is going to substitute a new batch of regulations which will create a different set of inequities.

An example of this is the FEA's suggestion to abolish special rule 6. Permitting small refiners an exception from making payments under the entitlements programs is unfair to refiners who must make payments. But is it not also unfair, and injurious to the system of competition besides, to require small refiners to make payments to large refiners dependent on foreign oil? There is no way that the FEA can revise its regulations to create fairness in this situation. This is because the entitlements programs is itself unfair for the reasons I have detailed above.

I have heard from several Nebraskans who are oil jobbers about this very situation. One constituent states:

I am asking your assistance in blocking the move by FEA and some of the large multinational oil companies to abolish Special Rule 6 and give it a chance to work.

Reasons:

1. It has not been in effect long enough to really evaluate it's merits or shortcomings.

2. Under present regulations it would put many small refiners and their distributors back in the position of either not being competitive or operating at a loss or very small profit, while others benefit from large windfalls.

3. If none of the above work, abolish FEA completely and do what made U.S.A. strong for the first 170 years of our history. Get Government and Bureaucrats out of business and force some of these overpaid, underworked government people to become producers for our country instead of self-serving, rule writing retarders of our private enterprise system.

V. CONCLUSION

Mr. President, Federal regulation of energy has been counterproductive. It has increased costs to business, raised prices to consumers, damaged competition, and caused significant injury to our national security. We have burdened ourselves with destructive laws mandating this regulation. It is time that we free ourselves of these self-defeating measures.

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## SECRETARY KISSINGER ON THE LAW OF THE SEA

Mr. CASE. Mr. President, President Ford is to be commended for his decision to have Secretary of State Kissinger take personal command of negotiations aimed at establishing a new international law of the sea.

I first urged this action after attending the law of the sea negotiations in Caracas, Venezuela, in the fall of 1974. And 21 other Senators joined me in making the same request of the President shortly before law of the sea negotiations were resumed in Geneva in the spring of 1975.

As I said then, the nations of the world have a rare opportunity to establish an international law of the sea to govern their conduct in an area that covers two-thirds of the face of the Earth. Seldom in history has the potential for future conflict on a worldwide scale been so clearly identifiable while there still was an opportunity to head off that conflict. The door is rapidly closing on that opportunity and we cannot afford to miss this chance.

The new initiatives offered by Secretary Kissinger in his speech before the Foreign Policy Association in New York last Thursday, April 8, represent a much needed effort to stimulate the momentum required to reach an agreement this year and, as such, they are encouraging.

I ask unanimous consent that Secretary Kissinger's speech be printed in the RECORD.

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

ADDRESS BY THE HONORABLE HENRY A. KISSINGER, SECRETARY OF STATE

Ladies and gentlemen: I want to speak to you today about one of the most important international negotiations that has ever taken place—the global conference now underway here in New York on the Law of the Sea. Last summer in Montreal I set forth a comprehensive United States program to help bring matters at this year's Conference to a rapid and successful conclusion. Today I will offer new proposals which address the remaining important issues before us, so that this great negotiation may lead to a final result this year.

For we live in an age when the accelerating forces of modern life—technological, economic, social and political are leading the peoples of the world into unprecedented and interrealted areas of human activity. New prospects are opening before us—fraught with potential for international contention, but filled as well with the hope of unparalleled human advancement.

The principal problems which all nations today are truly global in nature. They transcend geographic and political boundaries. Their complexity eludes the conventional solutions of the past, and their pace outstrips the measured processes of traditional diplomacy. There is the imperative of peace—the familiar but vastly more urgent requirements of maintaining global stability, resolving conflicts, easing tensions; these issues dominate the agenda of relations between East and West.

And there are the new challenges of the world's economy and of cooperative solutions to such international problems as food, energy, population, trade and the environment. These are the agenda of the modern period, particularly in the evolving relationship between the developed and the developing nations.

In an international order composed of sovereign states, the precondition of effective policy is security. But security, while essential, is not enough. The American people will never be satisfied with a world whose stability depends on a balance of terror constantly contested.

Therefore, side by side with seeking to maintain the security of free countries, the United States has striven to build a new world based on cooperation. We are convinced that our common progress requires nations to acknowledge their interdependence and act out of a sense of community. Therefore, at the Seventh Special Session of the United Nations General Assembly in September of last year we made a major effort to project our vision of a more positive future. We sought to mobilize collaboration on a global scale on many current issues of economic development. We were gratified by the response to our initiatives. We are prepared to accelerate our effort.

Virtually all major elements of this new age of interdepedence are involved in one of the great issues of our time: the question of mankind's use of the oceans. In no area are the challenges more complex or the stakes higher. No other common effort holds so much positive hope for the future relationship between rich nations and poor over the last quarter of this century and beyond.

Today I want to speak to you about the urgency of this issue. The Law of the Sea negotiations now are at a critical stage. There have been many successes, but they will prove stillborn unless all the remaining issues are settled soon. The United States believes that if the present session does not complete its work, another—and final—session should be assembled this summer. If the negotiations are not completed this year the world will have lost its best chance to achieve a treaty in this generation.

I want to focus today upon the most important problems remaining before the Conference to speed their solution. I shall set forth proposals which in our view can serve as the basis for a widely accepted treaty.

THE IMPORTANCE OF THE OCEANS

Most issues in international affairs impinge on our consciousness in the form of crisis; but many of the most important problems which crucially affect our future come to us far less dramatically. The world is undergoing fundamental economic, technological and social transformations which do not dominate the daily headlines. Some of them are even more profound in their consequences than most immediate political crises. In no area in this more true than the oceans, a realm which covers 70 percent of the earth's surface.

Freedom of the seas remains basic to the

security and wellbeing of most nations. The seaborne commerce of the globe is expected to quadruple within a few decades. The reliance of the world's people upon the seas to carry food and energy is increasing. Modern technology has enabled industries to sweep the seas for fish and to probe the ocean's floor for vital minerals and resources. Mankind's growing dependence on the seas, and the burgeoning world population along their shores, are already burdening the ecology of the oceans—a development of potentially catastrophic significance, for the oceans are the very source of life as we know it, the characteristic distinguishing our world from all other planets.

These developments have brought with them a vast array of competitive practices and claims, which—unless they are harmonized—threaten an era of unrestrained commercial rivalry, mounting political turmoil, and eventually military conflict. We stand in danger of repeating with respect to the oceans the bitter rivalries that have produced endless conflict on land.

A cooperative international regime to govern the use of the oceans and their resources is therefore an urgent necessity. It is, as well, an unprecedented opportunity for the nations of the world to devise the first truly global solution to a global problem.

And the opportunity is all the greater because we start with a clean slate.

Thus, the multilateral effort to agree upon a comprehensive treaty on the law of the sea has implications beyond the technical problems of the use of the oceans. It touches upon basic issues underlying the long-term stability and prosperity of our globe. The current negotiation is a milestone in the struggle to submit man's endeavors to the constraints of international law.

Let us understand more precisely what is at stake:

In a world of growing scarcity, the oceans hold untapped riches of minerals and energy. For example, it is estimated that 40 percent of the world's petroleum and virtually inexhaustible supplies of minerals lie beneath the sea. Our economic growth and technological progress will be greatly affected by the uses made of these resources.

In a world where the growth of population threatens to overwhelm the earth's capacity to produce food, the fish of the seas are an increasingly precious—and endangered—source of protein. The wellbeing and indeed the very survival of future generations may well depend upon whether mankind can halt the present wanton depletion of this vast storehouse of nutrition.

In a world in which the health of the planet our children will inherit depends upon decisions we make today, the environmental integrity of the oceans—which affects the quality of life everywhere—is vital.

And in a world still buffeted by national conflicts, economic conformation and political strife the free and fair use of the oceans is crucial to future peace and progress.

The oceans are not merely the repository of wealth and promise; they are, as well, the last completely untamed frontier of our planet. As such, their potential—for achievement or for strife—is vast. In the nineteenth century, the Industrial Revolution gave birth to improved communications, technological innovations and new forms of business organization which immeasurably expanded man's capacity to exploit the frontiers and territories of the entire globe. In less than one generation, one-fifth of the land area of the planet and one-tenth of its inhabitants were gathered into the domain of imperial powers in an unrestrained scramble for colonies. The costs—in affront to human dignity, in material waste and deprivation, and in military conflict and political turbulence haunt us still.

Like the non-Western lands of a century before, today it is the oceans which suddenly are accessible to new technology and alluring to exploration. Their promise may be even greater than the untapped lands of the century past. So too is their potential for conflict. The decision will be ours. The international community now stands at the threshold of what can easily turn into a new period of unheralded competitive activity. It is our contention that the nations of the world cannot afford to indulge in another round of unrestrained struggle for the wealth of our planet when the globe is already burdened by ideological strife and thermonuclear weapons.

The United States could survive such competition better than other nations; and should it be necessary, we are prepared to defend our interests. Indeed, we could gain a great deal unilaterally in the near term. But we would do so in an environment of constant and mounting conflict. All nations, including our own, ultimately would lose under such unpredictable and dangerous conditions.

That is not the kind of world we want to see. Our preference is to help build a rational and cooperative structure of international conduct to usher in a time of peace and progress for all peoples. We see the oceans as a trust which this generation holds—not only for all mankind, but for future generations as well.

The legacy of history makes this a difficult task. For centuries, the songs and legends of peoples everywhere have seen the oceans as the very symbol of escape from boundaries, convention and restraint. The oceans have beckoned mankind in rewards of wealth and power, which awaited those brave and imaginative enough to master the forces of nature.

In the modern era the international law of the sea has been dominated by a simple but fundamental principle—freedom of the seas. Beyond a narrow belt of territorial waters off the shores of coastal states, it has long been established and universally accepted that the seas were free to all for fishing and navigation.

Today the simple rules of the past are challenged. Pressure on available food, fuel and other resources has heightened awareness of the ocean's potential. The reach of technology and modern communications have tempted nations to seek to exercise control over ocean areas to a degree unimagined in the past. Thus coastal states have begun to assert jurisdictional claims far out to sea—claims which unavoidably conflict with the established law and with the practices of others, and which have brought a pattern of almost constant international conflict. Off the shores of nearly every continent, forces of coastal states challenge foreign fishing vessels: the "Cod War" between Iceland and Great Britain; tuna boats seizures off Souh America; Soviet trawling off New England—these are but some examples.

It is evident that there is no alternative to chaos but a new global regime defining an agreed set of rules and procedures. The problem of the oceans is inherently international. No unilateral or national solution is likely to prevail without continual conflict. The Law of the Sea Conference presents the nations of the world with their choice and their opportunity.

Failure to agree is certain to bring further, more intense confrontation, as the nations of the world—now numbering some 150—go all out to extend unilateral claims.

THE LAW OF THE SEA CONFERENCE

These are the reasons why the international community has engaged itself in a concentrated effort to devise rules to govern the domain of the oceans. Substantive negotions on a Law of the Sea Treaty began in 1974 in Caracas; a second session was held in Geneva last year. Now, here in New York, work is underway aimed at concluding a treaty before this year is out.

It is no exaggeration to say that this is one of the most significant negotiations in diplomatic history. The United States approaches this negotiation with conviction that we simply cannot afford to fail.

PROGRESS TO DATE

The issues before the Law of the Sea Conference cover virtually every area and aspect of man's uses of the seas, from the coastline to the farthest deep seabed. Like the oceans themselves, these various issues are interrelated parts of a single entity: Without agreement on all the issues, agreement on any will be empty, for nations will not accept a partial solution—all the less so as some of the concessions that have been made were based on the expectation of progress on the issues which are not yet solved.

Significant progress has been made on many key problems. Most prominent among them are:

First, the extent of the territorial seas, and the related issue of free transit through straits. The Conference has already reached widespread agreement on extending the territorial sea—the area where a nation exercises full sovereignty—to 12 miles. Even more importantly, there is substantial agreement on guaranteed unimpeded transit through and over straits used for international navigation.

This is of crucial importance, for it means that the straits whose use is most vital to international commerce and global security—such as the Straits of Gibraltar and Malacca—will remain open to international sea and air transit. This is a principle to which the United States attaches the utmost importance.

Second, the degree of control that a coastal state can exercise in the adjacent offshore area beyond its territorial waters.

This is the so-called "economic zone," in which lie some of the world's most important fishing grounds as well as major deposits of oil, gas and minerals. Growing international practice has made it clear that in the absence of an international treaty, coastal nations would eventually attempt to establish the extent of their own zone and determine for themselves what activities—national and international—could be carried out there. These would be areas through which most of the world's shipping moves and which is as well the richest ground for economic exploitation. The complexities and confrontations which would result from such an approach are obvious.

Therefore we are gratified that the Conference is ready to settle upon a two-hundred mile economic zone. This will permit coastal state control over some activities while maintaining vital and traditional international freedoms. The coastal states will control fisheries, mineral, and other resource activities. At the same time, freedom of navigation and other freedoms of the international community must be retained—in this sense the economic zone remains part of the high seas. In addition, the Treaty must protect certain international interests, such as ensuring adequate food supply, conserving highly migratory species, and accommodating the concerns of states—including the landlocked—that otherwise would derive little benefit from the economic zone.

Third, the rights of coastal states and the international community over continental margin resources where the margin extends beyond 200 miles. The continental margin is the natural prolongation of the continental land mass under the oceans. The question is: who shall have the right to extract seabed resources in this region and who shall share in the benefits of such exploitation? We seek a solution which will meet the inter-

national community's interest in the area beyond 200 miles and still take into account the desire of coastal states with broad margins to exploit their margin resources beyond the proposed economic zone. The Conference has before it a reasonable proposal for agreement on this question. In general, the coastal states would have jurisdiction over continental margin resources beyond 200 miles to a limit with a precise definition.

Under the system now being negotiated the treaty would also provide for the coastal states share with the international community a specified percentage of the value of mineral resources exploited in that area for the benefit of the developing countries, including the landlocked countries. The coastal state would pay a royalty based upon the value of production at the well-head in accordance with a formula fixed in the Treaty; the money would then be distributed by an international authority under a formula still being negotiated.

Fourth, the protection of the marine environment. Effective international measures to protect the oceans from pollution is vital to the health, indeed, to the very survival of our planet. The Law of the Sea Treaty will deal with all aspects of marine pollution. On the critical issue of pollution caused by seagoing vessels, we anticipate that the Conference will provide for effective enforcement of environmental protection regulations. We must now put forth our best efforts to reach satisfactory agreement on the enforcement of regulations covering all the outstanding issues concerning the protection of the marine environment.

Progress on these key issues has been heartening. But we must reach agreement on the remaining issues, or else in order that differences of interpretation and incompatible practices can be settled peacefully.

And third, we must create an international regime for the exploitation of resources of the deep seabeds, those heretofore inaccessible reaches of the seas beyond the economic zone and continental margin.

U.S. PROPOSALS

The United States today proposes the following package as a contribution to helping the Conference reach a swift and comprehensive solution on the major remaining problems:

MARINE SCIENTIFIC RESEARCH

The health, the safety and the progress of the world's people may vitally depend upon the extent of marine scientific research; it must be fostered and not impeded. To further marine scientific research the United States is prepared to agree to a reasonable balance between coastal state and international interests in marine scientific research in the economic zone. We will agree to coastal state control of scientific research which is directly related to the exploration and exploitation of the resources of the economic zone. But we shall also insist that other marine scientific research not be hampered.

We must recognize that this distinction is bound to raise difficult questions in practice. This is why we believe that its determination cannot be left either to the coastal state or to the state seeking to do scientific research; it must ultimately be decided by an impartial body.

For our part, the United States is prepared to guarantee that coastal states receive advance notice of scientific research in the economic zone, will have the right to participate in that research, and will receive data and results of such research as well as assistance in interpreting the significance of those results.

This proposal would help resolve the differences between those who desire complete coastal state control over all marine scientific research and those who seek to maintain complete freedom for such research in the proposed economic zone.

DISPUTE SETTLEMENT

No nation could accept unilateral interpretation of a Treaty of such vast scope by individual states or by an international seabed organization or any other interested party.

To promote the fair settlement of disputes involving the interpretation of the Treaty, the United States proposes the establishment of an impartial dispute settlement mechanism whose findings would be binding on all signatory states. Such a mechanism would ensure that all states have recourse to a legal process which would be non-political, rapid, and impartial to all. It would especially protect the rights of all states in the economic zone by resolving differences in interpretation of the Treaty which might lead to serious conflict between parties. It must be responsible for assuring the proper balance between the rights of coastal states and the rights of other states which also use—and indeed often are dependent upon—the economic zones of coastal states. And its decisions must be obligatory.

Establishment of a professional, impartial and compulsory dispute settlement mechanism is necessary to ensure that the oceans will be governed by the rules of law rather than the rule of force. Unless this point is accepted, many nations could not agree to the treaty, since only through such a mechanism can they be assured that their interests will be fairly protected. And agreement on this matter will make accommodation on other issues easier.

THE DEEP SEABEDS

The third, and the most complex and vital issue remaining before the Conference, in the problem of the deep seabeds.

For decades we have known that the deep seabeds contain great potential resources of nickel, manganese, cobalt and copper—resources whose accessibility could contribute significantly to global economic growth in the future. It is only recently that the technology has been developed which can enable us to reach those deposits and extract them.

The Conference has not yet aproached agreement on the issue of the deep seabeds because it has confronted serious philosophical disagreements. Some have argued that commercial exploitation unrestrained by international treaty would be in the best interests of the United States. In fact this country is many years ahead of any other in the technology of deep sea mining, and we are in all respects prepared to protect our interests. If the deep seabeds are not subject to international agreement the United States can and will proceed to explore and mine on its own.

But while such a course might bring us a short-term advantage, it poses long-term dangers. Eventually any one country's technical skills are bound to be duplicated by others. A race would then begin, to carve out deep sea domains for exploitation. This cannot but escalate into economic warfare, endanger the freedom of navigation, and ultimately lead to tests of strength and military confrontations. America would not be true to itself, or to its moral heritage, if it accepted a world in which might makes right—where power alone decides the clash of interests. And, from a practical standpoint, no one recognizes more clearly than American industry that investment, access, and profit can best be protected in an established and predictable environment.

On the other hand, there are those who would place all the deep seabed's resources under an international authority. Such a proposal would not provide adequate incentives and guarantees for those nations whose technological achievement and entrepreneurial boldness are required if the deep seabeds are to benefit all mankind. It would give control to those who do not have the resources to undertake deep seabed mining.

Let me briefly review the specific issues before us and then set forth the proposals which we believe can form the basis for a new consensus on the deep seabeds.

First, the decision-making machinery for managing the deep seabeds.

There has been considerable debate over the form and the powers of the decision-making machinery established under the Treaty.

The United States is prepared to accept international machinery; but such machinery must be balanced, equitable, and ensure that the relative economic interests of the countries with important activities in the deep seabeds be protected, even though those countries may be a numerical minority.

Second, access to the deep seabeds. The Conference has been struggling with the issue of which nations, which firms, and which international authorities will have direct access to, and share in the benefits from, the developing of deep seabed resources. The United States understands the concern that the riches of the seas not be the exclusive preserve of only the most powerful and technologically advanced nations. We recognize that the world community should share in the benefits of deep seabed exploitation.

What the United States cannot accept is that the right of access to seabed minerals be given exclusively to an international authority, or be so severely restricted as effectively to deny access to the firms of any individual nation including our own. We are gratified to note an increasing awareness of the need to avoid such extreme positions and to move now to a genuine accommodation that would permit reasonable assurances to all States and their nationals that their access to these resources will not be denied.

Third, the effect of seabed mining on land-based producers. Land-based producers of seabed minerals are concerned that seabed production may adversely affect their national economics. This is an especially serious problem since many of these producers are poor, developing countries.

We take these concerns seriously. But at the same time it must be recognized that commercial seabed production of these metals is at least five years away. For many years thereafter, seabed production will amount to only a fraction of total global production. Moreover, global metal markets are expanding and should easily be able to accommodate additional production from the seabeds without adversely affecting revenues of land-based producer countries.

U.S. PROPOSALS FOR THE DEEP SEABEDS

The United States is prepared to make a major effort to resolve these issues equitably and to bring the Law of the Sea Conference to a swift and successful conclusion. In this spirit, the United States offers the following proposals.

First, to ensure an equitable decision-making system, the United States continues to believe that the Treaty should authorize the formation of an International Seabed Resource Authority to supervise exploration and development of the deep seabeds. The Authority would be comprised of four principal organs:

An assembly of all member states, to give general policy guidance;

A Council, to serve as the executive, policy-level and main decision-making forum, setting operational and environmental rules for mining, and supervising the contracts for deep seabed mining;

A Tribunal, to resolve disputes through legal processes; and

A Secretariat, to carry out the day-to-day administrative activities of the Authority.

The United States proposes:

That the power of the Authority be carefully detailed by the Treaty in order to preserve all those rights regarding the uses of the seas which fall outside the competence of the Authority, and to avoid any jurisdictional overlap with other international organizations;

That the composition and structure of the Council reflect the producer and consumer interests of those states most concerned with seabed mining. All nations whose vital national economic concerns are affected by decisions of the Authority must have a voice and influence in the Council commensurate with their interests;

That the proposed permanent seabed Tribunal adjudicate questions of interpretation of the treaty and of the powers of the International Authority raised by parties to the Treaty or by private companies engaged in seabed mining. Without a Tribunal, unresolved contention is a certainty. Such a body will be necessary if any seabed proposal is to win wide acceptance.

Second, to ensure that all nations, developed and developing, have adequate access to seabed mining sites;

The United States proposes that the Treaty should guarantee non-discriminatory access for states and their nationals to deep seabed resources under specified and reasonable conditions. The requirement of guaranteed access will not be met if the Treaty contains arbitrary or restrictive limitations on the number of mine sites which any nation might exploit. And such restrictions are unnecessary because deep seabed mining cannot be monopolized; there are many more productive seabed mining sites than conceivably can be mined for centuries to come.

The United States accepts that an "Enterprise" should be established as part of the International Seabed Resource Authority and given the right to exploit the deep seabeds under the same conditions as apply to all mining.

The United States could accept as part of overall settlement, a system in which prime mining sites are reserved for exclusive exploitation by the Enterprise or by the developing countries directly—if this approach meets with broad support. Under this system, each individual contractor would propose two mine sites for exploitation. The Authority would then select one of these sites which would be mined by the Authority directly or made available to developing countries at its discretion. The other site would be mined by the contractor on his own.

The United States proposes that the International Authority should supervise a system of revenue-sharing from mining activities for the use of the international community, primarily for the needs of the poorest countries. These revenues will not only advance the growth of developing countries; they will provide tangible evidence that a fair share in global economic activity can be achieved by a policy of cooperation. Revenue sharing could be based either on royalties or on a system of profit-sharing from contract mining. Such a system would give reality to the designation of the deep seabeds as the common heritage of all mankind.

Finally, the United States is prepared to make a major effort to enhance the skills and access of developing countries to advanced deep seabed mining technology in order to assist their capabilities in this field. For example, incentives should be established for private companies to participate in agreements to share technology and train personnel from developing countries.

Third, in response to the legitimate concerns of land-based producers of minerals found in the deep seabeds, we offer the following steps as an additional major contributions to the negotiations.

The United States is prepared to accept a temporary limitation, for a period fixed in the Treaty on production of the seabed minerals tied to the projected growth in the world nickel market, currently estimated to be about 6 percent a year. This would in effect limit production of other minerals contained in deep seabed nodules, including copper. After this period, the seabed production should be governed by overall market conditions.

The United States proposes that the International Seabed Authority have the right to participate in any international agreements on seabed-produced commodities in accordance with the amount of production for which it is directly responsible. The United States is prepared to examine with flexibility the details of arrangements concerning the relationships between the Authority and any eventual commodity agreements.

The United States proposes that some of the revenues of the International Seabed Resource Authority be used for adjustment assistance and that the World Bank, regional development banks, and other international institutions assist countries to improve their competitiveness or diversify into other kinds of production if they are seriously injured by production from the deep seabeds. An urgent task of the International Authority, when it is established, will be to devise an adjustment assistance program in collaboration with other international institutions for countries which suffer economic dislocations as a result of deep seabed mining.

These proposals on the issue of deep seabed resources are offered in the spirit of cooperation and compromise that characterized our economic proposals at the Seventh Special Session and that guides our policies towards the developing nations. The United States is examining a range of commodity problems and ways in which they might be fairly resolved. We intend to play an active role at the United Nations Conference on Trade and Development next month in Nairobi and come forward with specific proposals. We look toward a constructive dialogue in the raw materials commission of the Conference on International Economic Cooperation in Paris. And we are actively committed to producer-consumer forums to discuss individual commodities—such as the recent forum on copper.

The United States believes that the world community has before it a grave responsibility. Our country cannot delay in its efforts to develop an assured supply of critical resources through our deep seabed mining projects. We strongly prefer an international agreement to provide a stable legal evironment before such development begins, one that ensures that all resources are managed for the good of the global community and that all can participate. But if agreement is not reached this year it will be increasingly difficult to resist pressure to proceed unilaterally. An agreement on the deep seabed can turn the world's interdependence from a slogan into a reality.

A sense of community which nations have striven to achieve on land for centuries could be realized in a regime for the oceans.

CONCLUSION

Ladies and Gentlemen, the nations of the world now have before them a rare if not unique, opportunity. If we can look beyond the pressures and the politics of today to envision the requirements of a better tomorrow, then we can understand the true meaning of the task before us.

Let us pause to realize what this Treaty can mean—to this generation and to the possible realization of humanity's dream of a progressive ascent toward justice and a good life for all peoples.

If the Conference is successful, mankind's rights and responsibilities with regard to the oceans will be clear to all.

This will mean freedom of navigation, preserving the rights of all on the seas.

It will mean a greater flourishing of trade and commerce, bringing the benefits of a freer flow of goods to consumers and producers alike.

It will mean that the oceans, recognized as "the source of all" since Homer's day, can continue to enrich and support our planet's environment.

It will mean that there will be a comprehensive regime for all of the world's oceans embracing not only territorial waters but a new economic zone, the continental margin and the deep seabeds.

It will mean the realization of the promise of scientific research in the oceans—the further probing of the mysteries of our planet to better the lives and preserve the health of all.

It will mean that the seas' resources of nutrition and raw materials can be tapped for the use of the entire human community.

It will mean that an arena of conflict, and one which is becoming increasingly dangerous, will become an area for cooperative progress.

It will mean that the entire international community—the developing as well as developed, landlocked as well as coastal—will share in the uses, the nourishment, the material resources and the revenues which this great Treaty could provide. For the poorer countries in particular, it will mean revenues from the continental margin and the deep seabeds, and the opportunity to participate in deep sea mining through an international organization.

And above all, it will mean the nations of the world have proved that the challenges of the future can be solved cooperatively; that, for the first time mankind has been able to surmount traditional enmities and ambitions in the service of a better vision.

These then, are the stakes; these are the possibilities we hold in our grasp. Will we have the maturity and the judgment to go forward? Will we fulfill the obligation which future historians—without question—will assign to us? I believe we shall. The United States is determined that we shall. The possibility and the promise have never been more clear. Through reason, through responsibility, and by working together we shall succeed.

With hindsight it is easy to identify the moments in history when humanity broke from old ways and moved in new directions.

But for those living through such times, it is usually difficult to see the true significance even of epoch-making events.

That is why the nations who are engaged in the Law of the Sea Conference have come to a unique moment in history. Only rarely does mankind comprehend the significance of change in the world as we so clearly do today. We share a common perception:

of the need to contain potential conflict

of the importance of cooperative solutions to shared problems; and

Of the necessity to achieve the full and fair use of the possibilities of our planet, both material and moral.

If a second session is necessary this year to complete the work of the Conference, let us make that session the final one. To underline the importance the President attaches to these negotiations he has asked me to lead the United States delegation to that session. It is our hope that other nations will attach similarly high importance to it and be prepared to discuss the remaining issues before us at a decisive political level. This should be a time for determined action—a

time to avoid rhetoric and to commit ourselves to decisions and a final agreement.

The United States calls upon all nations deliberating this great Treaty to summon the sense of responsibility and urgency which history and this task demand of us. For our part, the United States pledges itself to work tirelessly to seize this rare chance for decisive progress on one of the great challenges of our time.

## FCC TELEPHONE REGULATION

Mr. GRIFFIN. Mr. President, those who run the small independent telephone companies of our country are concerned about the effects of some recent decisions by the Federal Communications Commission. The owner and manager of a small telephone company in Climax, Mich., Mr. John Collver, wrote a letter to the FCC a few days ago, and sent me a copy.

It is typical of others that I have received which point up an urgent need, in the public interest, for a thorough, objective review by Congress of FCC regulatory policies.

I ask unanimous consent that Mr. Collver's letter be printed in the RECORD.

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

THE CLIMAX TELEPHONE CO.,
*Climax, Mich., March 17, 1976.*

Hon. RICHARD WILEY,
*Chairman, Federal Communications Commission, Washington, D.C.*

DEAR CHAIRMAN WILEY: I believe the Commission has approved Docket 19528 permitting customer owned terminal equipment to telephone company lines, including extension telephones. This action raises grave concern on my part for the interests of my business and our customers welfare.

Allow me, please, to present my case. Twenty six years ago, following a dozen years in the telephone employment, my wife and I bought this small telephone company which had a very deteriorated plant providing a poor grade of service and all customer owned telephones. I tell you they were very reluctant to invest their money in new equipment so we and they put up with whatever they could buy the cheapest. When trouble was traced to the customers equipment, the repairs would frequently be postponed until it failed completely. When we established a program of replacement with company owned telephones, with an additional monthly charge, it was very well accepted and service quality was greatly improved.

Bad as it was with the old magneto system I shudder to think of the complications when we are dealing with a complex and sophisticated automated system as we now have.

There are a number of practical questions that you may have the answers for, such as: How to assure a ringer balance on a party line? How to assure that a phone on a long loop will have a satisfactory network for transmission purposes? Who shall bear the expense of investigating poor transmission complaints on toll calls and the adjustments granted when it is customer owned equipment at fault? How shall upgrading of the switching and distribution plant be handled if it requires replacement of terminal equipment?

Should this action result in a large quantity of terminal equipment being shelved with unrecovered depreciation charges, who should bear the loss, the customer who uses company owned terminal equipment, or me and my wife from our hard earned savings which we have invested in this business.

I fail to see how a return to those "good old days" can possibly be in the public interest. However, if the real purpose is to create an unworkable situation, it should be a roaring success.

Respectfully yours,

JOHN W. COLLVER.

## SENATOR KENNEDY'S ADDRESS BEFORE THE OVERSEAS PRESS CLUB

Mr. HUMPHREY. Mr. President, I invite the attention of my colleagues to a major foreign policy address before the Overseas Press Club by Senator KENNEDY. With this speech, the distinguished Senator from Massachusetts has made an important contribution to the current national debate on the future direction of American foreign policy.

One of Senator KENNEDY's fundamental assumptions is that the United States must have a foreign policy which is both moral and pragmatic—a foreign policy deeply rooted in our tradition as a free people living in a democratic society. Although such an assumption should be implicit in any American foreign policy, Senator KENNEDY believes that much of the current public disenchantment with our foreign policy derives from a distinct lack of concern by policymakers for the democratic ideals on which this Nation was founded. As he surveys the way our foreign policy is made, the way it is articulated by our officials and its ultimate objectives around the world, the Senator finds that the moral dimensions of foreign policy have been often ignored. I agree with him only if this critical dimension is restored can the American people fully trust and support policies espoused by their Government.

In his analysis of America's place in the world, Senator KENNEDY discusses the issue of whether the United States has fallen behind the Soviet Union. I am in basic agreement with his assessment that the United States maintains superior strategic and conventional forces to the Soviets. As he states, the real challenge we face with the Soviets is to find constructive ways to limit the nuclear arms race through mutually negotiated arms control agreements. I share Senator KENNEDY's deep concern that we not let election years politics stand in the way of another SALT agreement.

If we are unable to negotiate a meaningful SALT II agreement, a new administration will have only 9 months to negotiate an agreement before the 1972 Interim Agreement on Offensive Missiles expires. I would hope that the President and Secretary of State heed this advice from Senator KENNEDY and others who believe that continued momentum in the control of strategic arms is a necessity for continued world peace.

Finally, Mr. President, Senator KENNEDY recognizes the critical need for greater American leadership in world affairs. He wants such leadership to be based on a strong domestic economy and he wants it to use American power in the task of building a more humane and prosperous world. There is no doubt that such a worthy goal is within our grasp if we only dare to try.

Mr. President, I ask unanimous consent that the text of Senator KENNEDY's address before the Overseas Press Club be printed in the RECORD.

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

ADDRESS BY SENATOR EDWARD M. KENNEDY

For more than a year many thoughtful Americans have called for a great national debate on foreign policy. The issue is now firmly part of the Presidential campaign; and every day there is new effort in Congress to understand the place of the United States in the world, and to shape effective policies for the future.

This debate comes none too soon. For now that the cold war is over—now that the tragedy of Indochina is behind us—we are a nation in search of guiding principles—a guiding purpose—that will help us meet the new and insistent challenges posed by a restless and changing world.

I believe that these guiding principles—this guiding purpose—can only be found through a basic effort to understand what is happening in the world, the impact of events on our nation, and the imperatives for thought, for decision, for action.

For a quarter-century after the Second World War, our foreign policy derived from a few simple facts: we emerged from the war the most powerful nation the world has ever known. The burdens of leadership—in rebuilding ravaged economies, in countering a Soviet challenge to our security and that of many other nations—fell almost entirely on our shoulders.

With a few exceptions—notably Vietnam—we succeeded at what we sought to do. Today, we have unsurpassed military strength. Europe and Japan have become towers of industrial strength. We have helped nearly a hundred new nations begin the long road to economic development. And we have even managed to move beyond the basic cold war confrontation with the Soviet Union.

It should be no surprise, therefore, that Americans are looking for new directions for new purpose. And success itself has bred new challenge. For as the cold war has waned, new centers of power and action have emerged on the world scene. Our power has not lessened, but that of other nations has grown. And a host of new problems—new concerns—has emerged: in the management of the global economy, and in insistent demands for greater economic justice on the part of developing nations. The wind of change is blowing everywhere and no one can shelter from it.

The debate we are just beginning thus raises a multiude of questions—about the imperatives of power; about what we can and cannot do—should and should not do—in the outside world; about new forms of acting, and a new selectivity about any involvement at all in the affairs of particular nations.

But of all the questions that are raised, two have assumed central importance in this year's Presidential campaign: can we, as a nation, continue to act in our national interest in the outside world? Can we—will we—meet each and every challenge posed by the growth of Soviet military power and involvement in the outside world?

This is not the first time the United States has been faced with similar questions. After the First World War, we rejected responsibility; after the Second, we accepted it. Can we—will we—again accept those responsibilities that are inescapably ours to bear?

I believe the answer is a clear and decisive "yes". The American nation has the capacity to act; and the American people have the will to do so.

It is only the terms of this action—the where, the how, the why—that is at issue.

Here is the source of today's questioning about American foreign policy—here is the source of insistent demands for a fundamental debate about our future course in the world. For as the old certainties of the postwar world have been left behind—as other countries have grown in power and other challenges have emerged—there is no clear set of ideas and principles to bind together our foreign policy; no basic inspiration that speaks to the hopes, the ideals, the understanding of the American people.

I believe that our difficulties, today, do not derive from any lack of national power—in any of its forms; rather it comes from a widespread sense that our foreign policy is too often conceived and implemented without due regard for our fundamental purpose as a nation.

Too often, this underlying dimension of foreign policy—this deeper moral sense—is left to last—or ignored altogether. Too often, the expediency of power has become an end in itself, untempered by a sense that power is only a means, and not the end, of national purpose. Too often the American people have become confused by policies that seem to blie our own self-interest, that do for our nation in the world. It is therefore no surprise that other nations become equally confused by those American actions that seem to believe our own self-interest, that do not reflect the capacity of our nation—of our people—to help shape a vision of the future in which all people can share.

In this bicentennial year, we remember our unique heritage as a nation—the ideals we ceaselessly pursue whatever the failures, the setbacks of the moment. And we must ensure that American involvement in the outside world also reflects what is best in our heritage, and in ourselves.

Only in this way can we expect that the American people will support the foreign policy—any foreign policy—of this country. Only then can our military, economic, and political power regain the moral support of our people that alone turns power into strength.

For what lies behind the call for debate on foreign policy is a lesson that derives equally from the two great national crises of our time—from Vietnam and from Watergate.

This is a lesson of leadership: the most basic responsibility to maintain the bonds of trust between American leaders and our people that weave the fabric of government . . . the "consent of the governed." In both Vietnam and Watergate our leaders failed to heed this lesson, at great cost, not just in those areas, but throughout our national life. And only by coming to terms with these two crises . . . and their lesson . . . can we come to terms with our future as a nation.

Yet in this sense, we can use our experience in both Vietnam and Watergate—in today's debate on domestic and foreign issues—to recreate the fundamental trust of our people for their government. Our democratic institutions eventually *did* meet the challenge of both Vietnam and Watergate; now we must use that experience to strengthen our institutions of domestic and foreign policy.

The *way* in which U.S. foreign policies are made, therefore, is just as important as *what* they are.

There can be no effective Administration action in foreign policy at all unless the people's representatives in Congress are fully involved in shaping the underlying principles of our involvement in the world. There can be no effective action unless the American people understand and support the moral well-springs of our policy.

Thus there is no inherent conflict between the Congress and the Administration in foreign policy. There is no paralysis of American will and action, as some of our leaders have charged. While many Members of Congress have tried to restrain excessive growth in military spending, the Congress has backed real increases in the defense budget. And last year we approved every single major weapons system, except for the unneeded and useless ABM.

We support vigorous efforts to control the arms race, and to reduce risks of conflict within the Soviet Union.

We support the search for peace in the Middle East; and steadily improving relations with the Peoples' Republic of China.

We have taken the lead in trying to strengthen the U.S. economy and hence our vital alliances with Europe and Japan.

We led in supporting the democratic experiment in Portugal; and we have led in the effort to restructure the global economy, through positive efforts including rich nations and poor alike.

Congressional challenges in Cyprus, Angola, and over the abuses of the CIA are not national paralysis: they are an assertion of good sense and moral concern, a necessary complement to strong Congressional support for every vital American commitment.

In many of these areas, the Administration has accepted the Congressional position as the wisest course for American foreign policy; in others the Congress has accepted the Administration's lead; in still others the debate continues. The system is working as it should—as the Constitution provides.

The congressional role is not a challenge to Administration prerogatives in the day-by-day conduct of foreign policy; it is rather an essential link in the chain of debate and decision. It will not weaken the United States, at home or abroad. It will strengthen us, both in our own eyes, and in the eyes of other nations.

The role for Congress goes beyond necessary involvement in those issues that do not respect lines of division between foreign and domestic concern—issues like food and fuel and trade and the law of the seas. It is a role in understanding the basic purposes of our nation.

At the same time, we should not seek to recreate a national consensus on every policy. In a world that is increasingly complex—where the pluralism of our domestic life affects issues that involve us both at home and abroad—no rigid doctrine covering every subject is possible; it is not even desirable. But a basic sense of direction is not only desirable, it is imperative—if the people of the United States are to lend their support to any foreign policy of any Administration—to give again their trust to their leaders.

This issue goes to the heart of the Congressional concern over obsessive secrecy in foreign policy—and Administration concern with leaks. For recreating trust in our basic purposes means that fundamental issues can and must be fully debated in the open. And if this is done, the incentive to leak secrets that must be kept for our national security would simply fade away.

I am confident that we can rebuild that basic trust; that our leaders can regain the confidence of the American people; and that as a nation we will then respond to the challenges of the future.

Creating a foreign policy that has deep roots in our beliefs as a nation requires allegiance to a number of specific principles.

First, and most important, we must continue to meet the imperatives of power: but only where this power is a means to preventing war—most important a nuclear war—and to securing the peace. For this is a moral as well as a practical responsibility: the highest responsibility of our foreign policy.

It is clear that the United States must continue to meet real threats to our security, and to that of other nations vital to us.

We have built the military strength we need to achieve this goal; and I have no doubt that we will continue to do so. But simply increasing the defense budget is not the answer; making raw comparisons of numbers in the military strength of the Soviet Union and ourselves tells us little of what we need to know. For the fact is that we remain the strongest military power on earth—and no artificial inflating of Soviet defense spending, no casting of dark fears for the future—can alter that fact.

What is the balance of military power with the Soviet Union?

We have nuclear power at least equal to theirs . . . while we have three times as many warheads. Our nuclear power is far greater than we need—with a capacity to destroy each major Soviet city nearly 40 times over. A single Poseidon submarine could destroy 160 cities, each with warheads three and a half times the size of the Hiroshima bomb—and we have thirty-one Poseidon boats.

We have the most powerful navy in the world, with a firepower and reach that is the envy of the Soviet Union. While we have fewer ships than we have had in the past, they pack a punch that was almost inconceivable only a few short years ago; and that is unavailable to the Soviet Union now.

The Russians maintain more men under arms—as they have always done, except at the height of the Vietnam War. But that advantage is diminished by the great Soviet commitment of forces to the Chinese front; by the rapid turnover in Soviet draftees; by the need for garrison forces in Eastern Europe; and by our superiority in the quality of weapons and manpower that the Soviet Union simply cannot match.

And along with our NATO Allies, we have almost as many forces in Europe as the Warsaw Pact—forces and a military doctrine that would make a Soviet attack an act of madness, and bring inescapable ruin on the Soviet Union.

Therefore we must understand clearly the true nature of threats to us and to our friends and allies abroad; then build and maintain the forces we need.

This includes breaking the bureaucratic hold of particular interests in the Pentagon that would give us a B-1 bomber—even while seeking cruise missiles; that would give us more nuclear ships—and more aircraft carriers we do not need for the world of the 1980s—instead of attack submarines and smaller surface ships. Increasing the size of the defense budget will give us no extra strength, if what we buy, is not relevant to what we need.

This year, the President has asked for an increase in the Pentagon budget of 14 billion dollars—including 7 billion dollars for real growth.

The Pentagon even included 3 billion dollars as insurance against Congressional cuts. Unfortunately, in this election year, the Congress has not even taken away this unneeded spending.

This afternoon, there will be an effort in the Senate to reduce the budget ceiling for the Pentagon by 2.6 million dollars. I believe that this is a basic step towards the right priorities; and it will still give us more money than we need to build the forces we need.

More important, it is deeply disturbing to hear once again a Pentagon rhetoric to justify the defense budget that grossly inflates Soviet strength, and deflates our own. Not only does that rhetoric distort the facts; but it also is helping to erode basic understandings about the imperatives of working to reduce conflict with the Soviet Union now and for the future. Indeed, the inflated size of the defense budget is less a problem than the terms in which it is justified.

The fact is that we must live together on this planet with the Soviet Union—whatever conflicts of interest and of ideology divide us, and will contine to do so. Neither nation can hope to win a nuclear war; for

in such a war, there would be no winners—there may even be no survivors.

A critical charge on our efforts must be to seek real and positive controls on the nuclear arms race and a reduction of those tensions that could otherwise lead to mankind's final war.

We have done much to achieve this goal—including a series of arms control agreements that began with the Limited Test Ban Treaty of 1963. And these agreements are clearly in our national interest.

Now discussions continue to reach a new SALT agreement. Yet there are voices counselling us to go slow, to delay, because of the Election Campaign and the risks of corrosive debate.

I believe that the next SALT agreement is too important to be a casualty of election politics. When an Administration is inaugurated next January, there will be only nine short months in which to replace the 1972 Interim Agreement on Offensive Missiles, before it expires. That is simply too much risk to take with the hopes and fears of mankind. The conclusion last week of the Threshold Test Ban—including some on-site inspection for the first time—shows that arms control can more forward. And I believe that the Senate oft he United States would ratify a SALT agreement this year that genuinely advances our interests in arms control. And we should press on to a Comprehensive Test Ban Treaty.

At the same time, I am deeply concerned about a new weapons development—the strategic-range cruise missile—which could make far more difficult any future efforts to bring the arms race under control. When we begin deploying this evolutionary new weapon, the Soviet Union will inevitably follow suit, and the nuclear spiral will rise out of control once again.

For this reason, in February I joined with Senators Humphrey and Javits in proposing that we offer to the Soviet Union a mutual moratorium on flight-testing of these cruise missiles: until such time as the issue is resolved at SALT. In this way, following the precedent set with nuclear testing in the early 1960s, I believe we can create the climate needed to reach firm understandings with the Soviet Union on this new weapon. But if we do not reach those understandings, the resulting problems of verifying and counting nuclear weapons may require a whole new approach to the SALT talks, or there will be no arms control at all.

A rapid conclusion of the next SALT agreement is vital for another reason—a compelling practical and moral reason. For if the United States and the Soviet Union do not back away from their futile competition in overkill, they will only increase the incentives for other nations to build the bomb. It does not take the Soviet and American arsenals—equivalent to more than a million Hiroshimas—to wreak a Hiroshima: It takes just one bomb in the hands of a country disposed to use it. Yet both we and the Russians are helping to bring about just such a world of madness, by failing to take the opportunities we have to end our own nuclear competition, once and for all.

Our need to develop relations with the Soviet Union does not end wtih strategic arms control. For it is clear that there are many other areas in which we must try to regulate competition:

We need to work more purposefully towards the mutual and balanced reduction of forces in Europe;

We need to challenge the Soviet Union to a practical commitment to peace in the Middle East;

We need to draw the Soviet Union more deeply into those economic and commercial relations with the West—which are in our own economic interest, and with due regard to issues of human rights—as part of a long-term effort to shape Soviet foreign policy in benign ways;

We need to draw it into sharing responsibilities for meeting the great global problems facing mankind—in food, fuel, the law of the seas, population, the environment, and the oldest scourge of all: the poverty that afflicts most of the world's people.

And we need to make clear to our allies in Western Europe, to the nations of Eastern Europe, and to the Soviet Union, itself, that we take seriously the Helsinki Agreement.

There is one particular area where immediate action is needed. Three days from now, moneys appropriated last year for construction of the US naval base at Diego Garcia will be released. Yet this money was originally impounded by the Congress in hopes that the Administration would approach the Russians directly, to seek control over future military and naval deployments in the Indian Ocean. I am deeply concerned at the lack of visible signs that approaches have been made. We are still waiting for the President's report on efforts to raise this issue with the Russians. For on the basis of my own talks with Soviet leaders in Moscow, I believe that this is an area where we can make real progress—where we can head off yet another arms race, and reduce tension in yet another area of the world.

In recent months, there has been a widespread debate about the word *détente*. I believe it is healthy to question each and every aspect of our relationship with the Soviet Union—reaching agreements in our mutual interest where we can, meeting Soviet challenge where we must. It is important that the Russians understand the consequences of their actions.

They must understand that the process of our building relations with them cannot and will not go on in isolation from what they do in the outside world. Their involvement in places like Angola—or ours in Vietnam—inevitably makes it more difficult to reach understandings elsewhere, that can reduce the chances of conflict between us.

But we must not permit the air to be poisoned with artificial debate about an abstraction—we must not deny the real benefits we have gained—the ABM Treaty, the Offensive Missiles Agreement, reduced tensions in Europe, and the reduced threat of nuclear war. For if we do so, we may be unable to seize real chances to further reduce tensions; to further regulate competition; and to gain a final end to the nuclear arms race. And no one would forgive us—or the Russians—for opportunities lost to move the world away from war.

As we seek to influence the future course of Soviet policy, we must also see clearly where our interests are truly at stake—as in Europe, Japan, the Middle East, and Latin America—and where they are not. It is clear to me that in seeking to become involved in Angola we did nothing to advance our larger purposes. Had the Congress not acted as it did, we would have placed ourselves on the wrong side in southern Africa. We would have been remembered there only for having supported the white-dominated regime of South Africa.

Nor do I believe that we lost any opportunity to shape Soviet policy in the future; or advertised that our national will was weak. For showing friend and foe alike that we have the will to defend our vital interests—and those of our friends and allies—does not mean matching the Soviet Union in self-defeating adventures in far-off corners of the world. Rather it means showing that we know the difference between important challenges to our interests, and actions by the Soviet Union that do not have a significant impact on those interests. If our will is now being questioned abroad, it is a self-fulfilling prophecy. It can only be undone by the Administration's showing it understands where it is important to act, and where it is not.

In southern Africa, we can help deny future opportunities to the Russians and Cubans by recognizing that a moral policy—support for majority rule—is also in our self-interest. There is little merit in now issuing warnings to the Cubans, when a practical alternative lies in finally building a policy for southern Africa that is in our interest, and in the interest of that region's future, as well.

The Administration's Angola policy was also a vivid example of the wrong way to conduct foreign policy, in the interests of gaining the trust of the American people. Covert action and a misperception of American interests: This was a sure recipe for losing the confidence of the American people; and for needlessly raising doubts about American purpose in the minds of our friends abroad.

Let there be no mistake: The American people will stand behind our vital commitments, because they share a common understanding about what is most important to us. But they will not support policies unless they reflect our interests, and are decided in a way that is consonant with our democratic process.

As part of a foreign policy that will gain the firm support of the American people, we must be directly and vitally involved in the search for peace in areas where we have deep and legitimate concerns. Above all, this means continuing our efforts to help bring peace to the Middle East—to help lift the yoke of continuing conflict from the shoulders of Arab and Jew alike.

The support of the American people for peace in the Middle East—and for Israel's security—is real and deep. Progress has been made in the Sinai agreement; and we must miss no opportunity to move forward.

We must also be prepared to offer our good offices in the interests of peace—as in Lebanon, today. Yet at the same time, we must not act anywhere in ways that will make conflict more likely. Today, we are clearly violating this principle by contributing to the massive flow of weapons to the Persian Gulf and elsewhere in the developing world. Instead, we must work with arms buyers and sellers alike, to prevent new arms races that could lead to bloodshed, untold human suffering, and the risk of direct U.S. involvement in local conflict.

Our involvements of any kind must be selective; they must involve interests of the United States that are clear to our people; they must be turned in the direction of peace. I believe the American people will support this approach to American involvements; but they will rightly reject an approach that exaggerates our interests, that involves us where we are not wanted, that frustrates efforts for peace.

A foreign policy that has a true popular basis must also go beyond these concerns with power and peace. It must also enable us to play our part in meeting the great economic and other challenges facing this country—and all of mankind. While we must meet the demands of our relationship with the Soviet Union, we must not be so preoccupied with these issues that we neglect our allies, overplay the significance of great power politices, and ignore both the problems and the possibilities that exist elsewhere in the world. We also risk exaggerating the significance of the Russians' military power, and both missing the significance of its economic weakness, and our own political, economic, and moral potential as a nation in the outside world. It is not the Soviet Union that is able to work to restructure the global economy, involving both rich countries and poor. It is not the Soviet Union that is grappling with problems of an interdependent world: It is the United States.

Yet we have missed the critical opportuni-

ties—particularly in our relations with Western Europe and Japan. Two years ago, the energy crisis hit other industrial states far harder than it did us. And the US recession exported unemployment to those countries, following unprecedented inflation.

But we have not used the last two years as effectively as we could to build new political, economic, and energy relations with our partners that will sustain and promote a vital cooperation for the future.

We must understand that much of the uneasiness in Europe and Japan about American national will does not relate to our actions in Vietnam or Angola, but rather to a neglect of esesntial ties—both political and economic—and of underlying issues.

We need to revive the US economy, which is still the world's leading engine of economic growth.

We must end our ambivalent attitude towards the European community, and finally give it our strong and unwaiverng support.

We must do our part in meeting the problems of energy, where we lag behind in the vital area of conservation;

We must challenge our trading partners to join in avoiding a new surge of protectionism, in which all of us would lose;

And we must lend our support—but not our warnings—to European efforts to grapple with problems facing countries like Italy.

We can help: through our own economic recovery; through major economic support for Italy; and through showing a basic confidence in our European allies' good sense . . . in their deep devotion to democratic values.

Our economic relations with the outside world begin with our industrial trading partners—but they do not end there. For we find in our own backyard—in Latin America—a continued estrangement, because of paternalistic policies, that strikes at our vital interest in the development of that continent and its many peoples. A long-delayed trip by the Secretary of State, after 7 years of Administration neglect towards friends to the South, cannot by itself right the balance. We have yet to define a policy that reflects our own preference for democratic governments which are committed to social justice—a policy that rejects intervention like that in Chile which sullied our image—a policy that reflects the wide diversity in development which is the reality of the hemisphere today.

There is something wrong with a policy which accords a government, like that in Brazil, primary visibility in the hemisphere, while human and political rights in that nation continue to be abused. And there is something wrong with a policy that has permitted military aid to be a major fulcrum of our influence and involvement in the hemisphere.

We are still distant from a policy that responds to the development needs of the hundreds of millions of poor people in Latin America.

We also find in Africa and Asia a similar rise in the aspirations of people that will not be denied. And we find a world of growing interdependence: where far more countries are important to us than ever before; where human concerns are uppermost in people's minds.

After two years of fruitless efforts to confront the oil-producing states, the Administration last year finally agreed to pursue a cooperative approach with nations of the developing world. The results have been remarkable. At the North-South Conference last December, and in meetings since then, rhetoric has been replaced with reason; acrimony with a desire for common action. Together, developed and developing states have taken the first steps towards forging a basis of common understanding on the problems and the interests which are shared by rich nation and poor alike.

The rebuilding of the global economy will also benefit us through benefiting more nations and peoples than ever before. It will not happen overnight. It will require give and take on both sides. And it will not be without sacrifice. Yet the alternative is a world of growing anarchy—a world in which the demands of the disadvantaged reduce even our ability to sustain our own prosperity. For it is now clear that the United States is firmly, finally, and forever involved in the global economy. The possibility of an economic Fortress America has been ended just as surely as our military Fortress America was ended forever in the Second World War. Isolationism may remain a slogan for a few; it is a practical policy for no one.

A forthcoming approach to the demands of interdependence also reflects our moral interest in the outside world. It contains the basis for support by the American people, reflecting our values as a people. Meeting the challenges of interdependence—responding with generosity to the have-not people of the world—is part of the same American spirit that led us to begin the Marshall Plan, and to provide help without precedent to the developing world. This is an effort worthy of our ideals as a nation; it involves the energies of our people, on the farm and in the factory; and it is clearly and firmly in the pursuit of peace.

As we look beyond the importance of power—the demands of interdependence—there are other principles for a foreign policy that can engage the moral concerns of the American people—that can meet the demands of the late 1970s.

We must understand that particular acts of our nation—based on moral grounds—can also be in our direct self-interest. This is clearly true in Southern Africa. It is true in Southern Europe, where our support for dictators in Portugal, Spain, and Greece struck at European efforts to increase security, in the broadest sense, through a community of democratic states. And our support for democratic efforts in Portugal today is vital to the future of European society. The coincidence of moral and self-interest is also true in Korea, where systematic repression erodes American public support for that nation, and threatens to erode Korea's cohesion and security. By contrast, our support for human values in South Korea is not only right, it is also likely to strengthen that nation.

We must also increasingly seek to understand other countries in their own terms, instead of seeing them as extensions of American experience. This is a responsibility shared by all our institutions—by government, our schools, the media. For it is clear that our continuing involvement in the outside world—and the need to be selective in our involvements—requires far more understanding than ever before of other nations and peoples.

We must increase public education about the demands of power in the modern world; but at the same time increase the education of our leaders about the equally compelling demands for a moral basis to policy and action.

We must demonstrate our concerns—at home and abroad—for basic issues of human rights. But at the same time, we must not over-estimate our ability to act; ignore the dilemmas that often arise; or seek to impose our own form of society on other nations.

We must abandon our belief that everything that happens in the world affects us, and that our influence or involvement can everywhere be decisive. A foreign policy that can gain the support of the American people must be as precise in limiting U.S. involvement as in accepting it.

And we need to understand an entirely different aspect of our foreign involvement: that undertaken by individuals and institutions outside the government. This applies especially to corporations abroad—where their impact on particular nations can be just as decisive as actions by our government itself. Here, too, an effective foreign policy must have a moral dimension, as part of the overall fabric of our relations with other states and peoples.

Finally, we in the United States must recognize our great potential for leadership. In today's world, this often means leadership shared with other nations; but our responsibility is no less real.

As I have travelled to many nations around the world, I have been impressed by the widespread belief in our basic political and economic strength; by the search for American leadership in meeting the great global issues facing mankind; by a continuing sense that this nation can inspire others to great deeds.

In view of the storms we have weathered in recent years, it may be natural that I often find a greater confidence in the United State—in our potential for leadership and constructive effort—when I travel abroad, than when I hear America characterized by many of our leaders.

For despite the tragedy of Vietnam—despite compromises with expediency or to meet the demands of power—we must recall what the American experience has meant to the world. This is the nation whose gallant men of Lexington and Concord fired the shot heard round the world: The nation Lincoln called "the last best hope of mankind"; the refuge for tens of millions of people fleeing oppression abroad, and seeking a new beginning; the nation whose ideals—if not always whose actions—still inspire hope in men and women in the farthest corners of the most distant land.

Our own experience has been tempered by tragedy, by the burdens of responsibility, by a foreign policy that has too often been cut loose from its deep moral roots. Yet in that experience of two centuries the seeds of common cause with the rest of mankind remain. We are not a people too paralyzed to act in the outside world; too preoccupied with our own problems; too calloused by the past. Rather we are a people whose time of inspiration, of leadership, is still unfolding; a nation of basic strengths requiring only a renewed sense of moral purpose to lead us to new greatness in the future.

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## NO COMPLAINTS FROM ONE CONSUMER

Mr. HANSEN. Mr. President, the Pecos, Tex., Enterprise recently carried a guest column by Keith Camp which in this day of Naderism is sort of a man-bites-dog story.

Keith Camp feels that he is some sort of a marked man and out of the mainstream of American life because, generally speaking, things work for him.

Even the plumber and TV man charge what seem to be reasonable amounts, the airlines never lose his luggage and his automobiles run pretty well.

He even gets along with computers. But Keith Camp thinks he may be out of the mainstream of American life and feels left out of things and says he would welcome it if a few things went wrong—up to about $37 worth—as a sign that he was sharing the experiences which everybody else says they are undergoing.

Mr. President, I believe all of us could pause in our efforts to protect the consumer, who has shown remarkable in-

stincts to protect himself, and consider Keith Camp's concluding remarks:

In retrospect, shouldn't we all be talking more about the indisputable fact that American business conducts millions of transactions 'every day without a hitch' in which both parties are mutually benefited?

Mr. President, I ask unanimous consent that Keith Camp's guest column be printed in the RECORD.

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

PECOS POTPOURRI

(By Keith Camp)

From what I read I get the feeling that I am some sort of marked man, set aside for a particular alienation from the mainstream of American life. The trouble, briefly, is that things work for me. Generally speaking. My telephone calls go through. Plumbers are available and are nice guys and charge what seem to me to be reasonable amounts. TV repairmen let me off the hook for about a tenth of what the experiences of friends lead to me to expect. If minor appliances go wrong, the company honors the warranty.

Airlines don't lose my baggage. Planes I'm on never circle the field for hours before diverting to Montreal. Even though Ralph Nader says the chances are slim, I seem to encounter doctors who have been to medical school and paid attention. All this is happening right here in Twentieth Century America where I'm constantly being told nothing works right, where carpenters don't make house calls and the consumer is subjected to a constant Chinese water torture of rude clerks and bad craftsmanship. It's an eerie feeling, I tell you. Why me? You feel left out of things.

Suppose I am in a lively group where the bright chatter consists of swapping horror stories about how much it costs to get the furnace fixed and suspicions that more has been done than was necessary. Everyone chips in with his experience along those lines. What can I contribute? The guy came out and looked at the furnace, kicked it a couple of times, put in a $1.25 valve and said he thought she was good for a few more years. I can't talk about that. It's un-American.

You meet somebody and even before he starts complaining about his new refrigerator he wants to tell you about the lemon of a car he bought, with the transmission falling out in the dealer's driveway and they wouldn't do anything about it. That's interesting. I buy medium priced cars and they run pretty well. What problems they have are usually traced to something I have done, such as hitting the garage door.

I even get along with computers. This is the ultimate blasphemy against the number one essential of the American Credo, which is that if a computer can possibly foul something up, it will. Computers keep my bank account straighter than I ever did; they even refund the money I have overpaid in stores. They seldom send me more than two copies of the same paper.

I tell you I would welcome it if a few things went wrong, if a few artisans were surly or tried to gyp me. I would welcome it (up to about $37 worth) as a sign that I was at least sharing the experiences which everybody else says they are undergoing. Of course I would hate to think that the industrial-commercial complex was saving me up for a really big catastrophe.

In retrospect, shouldn't we all be talking about the indisputable fact that American business conducts millions of transactions "every day without a hitch" in which both parties are mutually benefitted?

## CONTROLLING THE DEFENSE BUDGET

Mr. PROXMIRE. Mr. President, recently we have been subjected to a barrage of warnings concerning increased Soviet military threats to our national security. We have heard of the enormous amounts the Soviets are spending on their military, and of their new strategic weapons. At a time when defense appropriations for fiscal year 1977 are very much on our minds, it is especially appropriate that we attempt to put these allegedly threatening Soviet developments in the proper perspective.

Herbert Scoville, Jr., secretary of the Arms Control Association and former Assistant Director for Science and Technology of the United States Arms Control and Disarmament Agency, has written an incisive article on the Soviet threat to the United States. Mr. Scoville demonstrates that the new Soviet dvelopments in no way justify the exaggerated response which many have given to the Soviet actions.

First, he argues that improvements in Soviet defenses to date are not significant enough to warrant beefing up our own offensive capability. If the Soviets should develop new technologies in such areas as air defense, our proposed B–1 bomber will be ineffective against their new system.

Second, the parallel development of four different Soviet ICBM's probably represents only a "wasteful and duplicatory development, typical of many in the Soviet Union." Should we waste our resources just because the Soviets waste theirs?

I ask unanimous consent that Mr. Scoville's article, "Justifying the Defense Budget: Questionable Threats, Irrelevant Responses," which appeared in the March 1976 issue of Arms Control Today, be printed in the RECORD.

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

JUSTIFYING THE DEFENSE BUDGET: QUESTIONABLE THREATS, IRRELEVANT RESPONSES

(By Herbert Scoville, Jr.)

Secretary of Defense Donald Rumsfeld has proclaimed a desire for a U.S.-U.S.S.R. Strategic Arms Limitation agreement which would limit competition in nuclear arms and assure strategic stability at lower levels of force. Specifically, he would prefer to forestall any danger to our ICBM forces by mutual agreement rather than replace them. But even on the assumption of success in SALT, he proposes a 30% increase over last year in funds for strategic forces (from $7.8 to $9.4 billion). In addition, Secretary Kissinger predicted that if SALT fails the U.S. would further increase its strategic spending by $20 billion over the next five years.

Is there a new Soviet threat which calls for this expansion of U.S. strategic capability? How might SALT contain it? Finally, how do our expanded programs relate to the new situation?

In his Annual Defense Department Report for Fiscal Year 1977, Secretary Donald Rumsfeld lists eight Soviet strategic programs which cause him concern. Four involve offensive weapons—new ICBMs with multiple warheads (MIRVs), new submarine ballistic missiles, the Backfire bomber, and cruise missiles—and four defensive programs—antiballistic missiles (ABMs), air defense, antisubmarine warfare (ASW), and civilian defense.

(1) The most serious threat evoked by Secretary Rumsfeld is the development of four new-generation, large throw-weight ICBMs. Three of these ICBMs have been flight-tested with MIRVs. The Soviet deployment of MIRVed missiles, which finally began in 1975, some five years after the initial U.S. deployment of MIRVs is used to justify the development of a replacement (the MX) for our current Minuteman ICBMs in a program which could eventually cost $20 to $30 billion. Yet only a year ago Defense Secretary James Schlesinger stated that even when these same new missiles were deployed in quantity in the 1980s the Russians could never count on being able to destroy our entire Minuteman force.

For some reason the parallel development of four different ICBMS is made to appear very threatening, but shouldn't we really be more alarmed if only one or at the most two were in the program? Such a wasteful and duplicatory development—typical of many in the Soviet Union—could account in part for their large military expenditures. It is a partial explanation of why former CIA Director William Colby and former DIA Director General Daniel Graham testified last year that dollar figures for the Soviet defense budget are one of the biggest bear traps to objective intelligence. Yet the Administration still uses such comparisons to justify higher budgets.

Even a successful SALT negotiation will not prevent the deployment of these new-generation MIRVed missiles at below threatening levels. In fact, the U.S. insistence at Vladivostok of setting a ceiling of MIRVed delivery vehicles at 1,320 assures that the Russians can eventually have sufficient warheads to significantly threaten our Minuteman force. Since there are no proposed restraints on qualitative improvements, such as accuracy, the Russians in time can eventually have an effective counterforce capability. If the military is so worried about the vulnerability of the Minuteman ICBM force, then why have they been so short-sighted about controlling MIRVs in SALT?

Moreover, a large part of the proposed expansion of strategic weapons programs does nothing about this potential threat. The development of improved counterforce weapons with the higher yield more accurate Minuteman ICBMs or the highly accurate, larger throwweight MX actually makes the Soviet developments more dangerous by increasing the likelihood of a nuclear exchange.

(2) The recent deployment of a new Soviet 4,200 nautical mile submarine-launched ballistic missile (SLBM) is not a threat since it reduces the risk that the U.S. might become involved in a nuclear conflict. Submarine missiles are primarily deterrent weapons; the longer the range the less the likelihood of their use in a close-in surprise attack against our bomber bases. SALT quite properly does not place any limits on the range of SLBMS, and the Trident I (C–4) missile deployment in Poseidon submarines is a good hedge against a possible future Soviet ASW breakthrough.

(3) The Backfire bomber is hardly an increase in the strategic threat requiring a U.S. response. Unlike the older Soviet bombers, it can only reach the U.S. on one-way missions or on refueled two-way missions from Arctic bases. Even then, it could not fly supersonically, its major technological advance over previous aircraft. In any case, since the conclusion of the ABM Treaty which barred missile defense, we have properly decided to forego defenses against Russian strategic bomber attacks.

SALT could be useful in reducing any uncertainties about the role of the Backfire

either by including it in the delivery-vehicle ceiling, by banning its deployment in a mode which gives it an intercontinental capability (i.e., by prohibiting an inflight refueling capability, Arctic basing or equipping it with long-range missiles), or by reducing the delivery-vehicle ceiling but excluding the Backfire. The latter was proposed by the Russians to Kissinger in January and would have the advantage of forcing the U.S.S.R. to cut back its delivery vehicles to our current level and of not jeopardizing the Soviet concession to exclude our forward based bombers from the ceiling.

(4) The final offensive weapon threat cited is the cruise missile. The only thing new here is Secretary Rumsfeld's description of the present Soviet cruise missiles as a strategic threat since they were first deployed in 1960, are short-range, and have never been considered anything but anti-ship weapons. Furthermore, Secretary Rumsfeld says there is no evidence that the Soviets possess the technology to pursue over the near term a strategic cruise missile program, and General Graham claims that the U.S. is at least ten years ahead of the U.S.S.R. in this field. Soviet cruise missiles can hardly be used to justify major new U.S. weapons programs.

Cruise missiles are a contentious issue in SALT. If the U.S. agrees to ban all cruise missiles, then any worries of Soviet procurement of long-range, truly strategic missiles could be alleviated. Why then does the Pentagon oppose this?

Consequently, after closer analysis of the new Soviet offensive weapons only the MIRVed ICBMs appear to pose any real danger, and this program is many years behind schedule. In light of the fact that during the last five years, the U.S. has increased its total strategic force loadings (warheads and bombs) by 5,000 while the U.S.S.R. has added only 800, Secretary Rumsfeld's argument of unilateral American restraint is not very convincing. The U.S. now has 8,800 such weapons while the Russians have 3,300.

(5) In the defensive area, the threats are even more ephemeral. After an eight-year halt, the U.S.S.R. may be increasing the number of ABM launchers around Moscow from 64 to the 100 allowed by the ABM Treaty. And although the Russians are also developing new radars which have an apparent ABM capability, these are hardly a justification for new U.S. programs. American security is most effectively insured by the continuance of the ABM Treaty which solidifies the current state of mutual deterrence.

(6) In air defense, the Soviets have always had very strong capabilities, but they have yet to develop airborne radars that permit shooting down low-flying bombers. If, as is expected, the Soviets solve this technical problem, then this is a strong argument against going ahead with the procurement of the expensive supersonic B-1 bomber. Instead, the U.S. should equip the current B-52 bombers with missiles which can penetrate the air defenses and thus avoid exposure of the plane and crew. Secretary Rumsfeld now admits this would be appropriate mission for B-52s through the 1990s; so there need be no rush to replace them. If and when the U.S. needs a new plane, then one which can launch missiles from outside the Soviet Union would be far superior to the B-1 which must in any case fly subsonically when over the U.S.S.R. The recent SALT proposal that air-launched cruise missiles not be counted as delivery vehicles but that the aircraft carrying them be considered as MIRVed delivery vehicles would allow this alternative to the B-1 but still keep some restraint against unlimited cruise missile deployments.

(7) In the field of anti-submarine warfare Secretary Rumsfeld concedes that although there is no threat to our present Poseidon force, the U.S. still should "watch with great care evolutionary improvements in sensor technology." This is hardly any great cause for alarm or justification for a crash Trident submarine program. At the moment there is no discussion of ASW controls in SALT.

(8) Finally, we have the new threat of the year—Soviet civilian defense. Secretary Rumsfeld emphasized Soviet plans to evacuate urban populations—shades of 1962! Malcolm Currie, Defense Director of Research and Engineering, expressed concern that the Soviets are preparing to sandbag their industrial machinery to protect it against a nuclear strike. And former Deputy Director of Defense, Paul Nitze, views these actions as proof of Soviet intentions to achieve a nuclear war-winning capability. All of them believe that Soviet leaders would risk nuclear war because civil defense would permit them to survive a U.S. retaliatory strike from the thousands of nuclear warheads which would be left over after any Russian surprise attack. It is time for some of these Defense experts to go back to basic training and recall what happened at Hiroshima, Nagasaki and Bikini and relearn the realities of nuclear explosions. Civil defense is not a subject which calls for serious arms control negotiations.

This is the sum total of all of the strategic threats which the Defense Department has been able to conjure up to justify dramatic increases in our strategic weapons programs. None justifies spending additional billions on more Trident submarines, the B-1 bomber, or sea-launched strategic cruise missiles. The development of improved counterforce ICBMs—such as the MX or the high-yield, more accurate, Minuteman MK-12A warhead—are the wrong answer to Soviet MIRVed missile deployment. Such weapon deployments can only increase the risk of nuclear war.

In conclusion, the Defense Department's case for skyrocketing expenditures on new strategic weapons is very, very shaky indeed. Far greater security would be obtained by seriously negotiating real limitations on strategic arms.

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## THE BICENTENNIAL IN THE MIDLANDS

Mr. HRUSKA. Mr. President, in a recent letter to me, Mr. Frank Harrington, region VII director of the American Revolution Bicentennial Administration, described the excellent participation of the States in this region—Iowa, Nebraska, Missouri, and Kansas—in the Bicentennial program. I know the people of these midlands States are proud to be Americans and enthusiastic about the opportunity to participate in America's 200th birthday celebration.

Mr. Harrington describes the success he has had in his region:

The greatest hopes have been to involve people—locally—at the grass roots level and this is taking place. Our ARBA Bicentennial Communities Program, which requires the formation of a broadly representative committee, at least one lasting reminder type project, and the approbation of the chief elective official—prospered in Region VII. Among the 50 states, at this time, Iowa ranks 3rd with 556 official Bicentennial Communities; Nebraska is 7th with 417; Missouri is 8th with 390; and Kansas is 14th with 216 communities—4 in the top 14. Not bad!

Another measuring stick are the number of official projects listed in ARBA's data bank. Iowa ranks first among all states in the nation with 2,228 projects and events. The region total is 4,108. Or, 8% of the states (Region VII) has developed 12% of the projects and events.

Mr. President, I would like to take this opportunity to commend the people of Iowa, Nebraska, Missouri, and Kansas on their excellent showing in this Bicentennial Year. I would especially congratulate Mr. Harrington on the fine job he is doing in promoting and coordinating the Bicentennial activities of this area. His record is an excellent one and I know that the success of region VII in comparison with other areas of the country is due in no small part to the enthusiasm and leadership of Mr. Harrington.

Mr. President, I ask unanimous consent that Mr. Harrington's letter of March 24 to me be printed in the RECORD.

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

KANSAS CITY, MO.,
*March 24, 1974.*

ROMAN L. HRUSKA,
*U.S. Senate,*
*Washington, D.C.*

DEAR SENATOR HRUSKA: Our paths have not crossed recently although I've been in Nebraska quite a bit lately. Tomorrow, in fact, I will go to Scottsbluff for a Nebraska Bicentennial Commission meeting and greet the Wagon Train at the Wyoming-Nebraska border as it begins its month-long trek across the State.

You will be pleased to learn that our hopes and objectives are being realized in the developing Bicentennial commemoration.

With only small grant funds to administer, each of these four states have done a good job of sub-granting monies that have encouraged the broadest kind of interest in our 20th birthday. Funded projects range in nature from restorations to parks to town meeting hall constructions, to ethnic festivals, to music and dance performances, to the creation of museums, or nature study areas, or libraries, etc.

The greatest hopes have been to involve people—locally—at the grass roots level and this is taking place. Our ARBA Bicentennial Communities Program, which requires the formation of a broadly representative committee, at least one lasting reminder type project, and the approbation of the chief elective official—prospered in Region VII. Among the 50 states, at this time, Iowa ranks 3rd with 556 official Bicentennial Communities; Nebraska is 7th with 417; Missouri is 8th with 390; and Kansas is 14th with 216 communities—4 in the top 14. Not bad!

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Lastly, while there have been a few people disappointed that a Federal grant did not come to them, the spirit of independence burns as brightly as ever in our heartland. The vast majority of our people have preferred to develop "quality of life" projects with their own resources, within their own means.

As for me, this great experience continues. The Midlands are alive and well, and are giving a good accounting of themselves in this once-in-our-lifetime event.

I hope this letter finds you well and that our paths will cross again soon. I will seek you out on my next trip to Washington.

Warm regards,

FRANK HARRINGTON,
*Regional Director.*

## SENATOR CHURCH CALLS FOR COMPREHENSIVE MANAGEMENT OF NATIONAL FOREST RESOURCES

Mr. HUMPHREY. Mr. President, recently the Senate Agriculture and Interior Committees held 3 days of joint hearings on the various bills which have been introduced to update the anachronistic provisions of the Forest Service Organic Act of 1897.

Among those presenting testimony at these hearings was Senator CHURCH. In early March, Senator CHURCH joined me in introducing S. 3091, legislation to assure proper management of all the resources present in the national forests.

Mr. President, Senator CHURCH's statement makes many good points about the present situation, as well as prior congressional intent as to the management of our forests. I ask unanimous consent that it be printed in the RECORD.

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

Mr. Chairman, I welcome the opportunity to testify before these joint hearings of the Senate Agriculture and Interior Committees on the legislation which has been introduced to update the management of all resources associated with the national forest lands.

As the members of both of these committees know, we are here today as a direct result of two recent court decisions which have become known as the "Monongahela" and "Tongass" cases. Both of these decisions restrict all techniques for timber harvesting within the affected areas of the National Forest System and both are based on three provisions of the Organic Administration Act of 1897 which require: (1) all trees cut on the national forests must be dead, mature, or of large growth; (2) these trees must be individually marked by the Forest Service before being cut; and (3) timber once cut must be removed from the site. Although these two decisions are the immediate cause celebre, the real debate here today must center on the job the U.S. Forest Service is doing in administering the forested portions of the public domain.

In 1960, Congress enacted the Multiple Use and Sustained Yield Act which directed the Secretary of Agriculture to "develop and administer the renewable surface resources of the national forests for multiple use and sustained yield of the several products and services obtained therefrom." It determined that these products and services included, ". . . outdoor recreation, range, timber, watershed, and wildlife and fish purposes."

On January 1, 1970, the National Environmental Policy Act was signed into law. Thereafter, the Forest Service responded with its Environmental Program for the '70's which suggested increasing the allowable cut on the national forests by seven billion board feet while "improving the environment." It also announced its intent to employ multidisciplinary teams in conducting timber sales and writing environmental impact statements.

In 1971, during my tenure as Chairman, the Interior Subcommittee on Public Lands held eight days of oversight hearings on the performance of the Forest Service as steward of the national forests. The first portion of these hearings centered around the abuse of clearcutting as a management tool. It was obvious from the extensive testimony received by the Subcommittee during these hearings that timber production had become the primary activity in the Federal forests. Many of us felt that this was out of step with the policy of the Multiple Use Act as well as contrary to the spirit and intent of the National Environmental Policy Act.

In March of 1972, the Subcommittee on Public Lands issued a report on the hearings held the previous year. The report included a series of broad policy guidelines aimed at eliminating the abuses of clearcutting. Accepted by the major national environmental groups, the forest products industry, and adopted as policy by the U.S. Forest Service, these guidelines have substantially lessened the abuses of clearcutting in the national forests.

In 1974, Congress passed the Renewable Resources Planning Act. This Act mandated an assessment of the condition of the resources in the national forests and a program based on the assessment which would recognize both short-term and long-term considerations. This program is to be directly linked to the budget process in that the Forest Service budget recommended by the administration is required to reflect the planned program of work.

Mr. Chairman, the Renewable Resources Planning Act, the Public Lands subcommittees guidelines for clearcutting on federal timberlands, the National Environmental Policy Act, and the Multiple Use Act all generated wide-ranging discussions and all brought together a broad cross-section of views. It is my hope that such a consensus can again be secured to deal with the present problem.

The Forestry Organic Act was written in 1897. It was written in an era when silviculture was still in its infancy, and when scientific management of all the Nation's renewable resources was just beginning. It is the view of many that specific directives and requirements for harvesting timber which were contained in the act, ". . . do not contribute to sound forestry, to a sound environment or to sound use of renewable resources." The recent district and appeals court decisions point out the necessity of amending the 1897 Organic Act to eliminate its anachronistic provisions.

The Monogahela case which was based on this act has been incorrectly characterized by some as banning clearcutting. As Steven P. Quarles, Counsel for the Interior Committee, has pointed out, the decision does not prohibit clearcutting, but rather applies the language of the 1897 Organic Act to:

". . . prescribe the characteristics of trees to be cut, the method of tree designation, and the extent of removal of the trees. Wherever this particular statutory interpretation is applied, the result will be to restrict all techniques for harvest cutting—clearcutting, shelterwood, and patch—and other silviculture methods such as thinning, when such other techniques and methods are associated with timber sales."

Mr. Chairman, what is needed now is not simply a new prescription for selling timber. What is needed is a reaffirmation of the policy established by the various acts which we in the Congress have so-long supported. In the Monogahela decision, the Fourth Circuit Court observed that the 1897 Act: ". . . may well be . . . an anachronism which no longer serves the public interest. However, the appropriate forum to resolve this complex and controversial issue is not the courts but the Congress." The court was correct. We in Congress must take action to assure that the uses of these renewable resources are indeed multiple and the yields sustained.

There have been two different approaches to this fundamental issue. One view is that this policy could best be implemented with tight prescriptions written into the law. The other holds that the law should require the Secretary of Agriculture to write comprehensive regulations that are tailored to, "geographic areas, various plant and animal associations and readily subject to improvement as new knowledge emerges to guide us toward our goals."

The bill Senator Humphrey and I are sponsoring takes the latter approach. We believe that management techniques must differ for different regions; what is correct for the hardwood forests of the South may be improper for the softwood forests of the Pacific Northwest. This legislation would require the Secretary of Agriculture to:

(1) Prescribe by regulation the environmentally approved forest practices and cutting methods generally available for application on the national forests. (The law and accompanying report would provide specific guidance to insure that the regulations will be scientifically and environmentally sound.)

(2) Define forest regions, forest types, and forest species.

(3) Spell out the practices generally applicable to each region, type and species.

(4) Make certain that foresters apply these practices in an interdisciplinary manner so that all renewable resources would be treated in an ecologically sensible manner.

(5) Establish that forest cutting would proceed only if done in accord with the approved guidelines, with the exception that for research purposes, the exploration and application of new concepts could be applied on a limited basis.

I would like to reiterate the basic purpose of this legislation, namely to assure that previous Congressional intent as to the management of all the resources of the national forest system is made a reality. As Senator Humphrey has so succinctly put it: "The days have ended when the forest may be viewed only as trees and trees viewed only as timber." Professional resource managers everywhere must realize that the forest is also soil and water, shrubs and grasses, and fish and wildlife. They must consider also the scenic beauty inherent in so much of the national forest system.

Mr. Chairman, much substantive debate on the various bills currently pending before the Interior and Agriculture Committees has already occurred. The encouragement of such debate is precisely what we need. As in the past, I am confident that such discussion will be focused around the common goal of prudent management of all resources of the public domain.

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## THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, one of the subjects of considerable discussion in evaluating the Genocide Convention has been the possibility of changes in State jurisdiction in certain criminal matters upon ratification of the treaty. Some have argued against the convention on the grounds that imposing the new body of treaty law on current laws would alter the relationship between the States and the Federal Government. These opponents assert that the Genocide Convention would deprive the States of authority in matters of genocide, thus corrupting the intent of the Constitution. I want to make it clear today that the Genocide Convention would in no way alter the State-Federal relationship as defined in the Constitution, and that there would be no dangerous precedent set limiting the jurisdiction of States in criminal matters.

Congress already has the power to provide the sanctions for offenses against the law of nations by article I, section 8, clause 10 of the Constitution. Since genocide is an offense against the law of nations, Congress is within its power to outlaw it. It is wholly without justification to say that the States are being deprived of their proper field of jurisdiction merely because another offense has been added to those now punishable

as violations of the law of nations. As the American Bar Association has said:

Ratification of the Convention will add no powers to those the Federal Government already possesses.

Mr. President, I hope that we will ratify the Genocide Convention in the very near future, and remedy our inexcusable failure to do so in the past.

## NUCLEAR PROLIFERATION

Mr. PERCY. Mr. President, for some time now there has been a growing awareness in the United States, and particularly in Congress, of the very real danger of continued proliferation as a result of fierce international competition in nuclear trade. By far the most dangerous aspect of this competition concerns the export of sensitive nuclear fuel facilities. Both reprocessing and enrichment technology—which can be used to transform spent nuclear reactor fuel and natural uranium, respectively, into bomb material—are planned for export by France and West Germany as "sweeteners' for reactor sales contracts.

The following editorial, which appeared in the New York Times on Monday, April 5, addresses this central problem. I ask unanimous consent that it be printed at this place in the RECORD

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

### THE PROLIFERATORS

For almost a year, arrangements to export to Brazil and Pakistan respectively, West German and French technology for making nuclear explosives have been proceeding behind a smokescreen of pious pledges to nonproliferation. Public opinion, Parliaments and even the Cabinets of the two countries have been fed misleading information about the supposed "safeguards" imposed.

As this disastrous program has been pressed forward, creating dangers for the future of all humanity, West German Chancellor Helmut Schmidt has been able to escape serious questioning at home on Bonn's sale to Brazil of a complete nuclear fuel cycle, something no exporting country has ever done before. The French Government has escaped serious challenge at home on a succession of "authorized" denials that the projected sale of plutonium reprocessing plants to South Korea and Pakistan involved any dangers—a diversionary maneuver that was exposed when Paris backed off from the South Korean sale after vigorous American protests.

In testimony before the Senate Government Operations Committee, Secretary Kissinger recently acknowledged that French and West German refusal so far has blocked American proposals for a ban on export of plutonium reprocessing and uranium enrichment plants by the seven major nuclear supplier nations, including the Soviet Union, Britain, Canada and Japan. A new agreement reached by the seven undoubtedly will improve inspection by the Vienna-based International Atomic Energy Agency; but it is far from sufficient. Bonn and Paris have used the new agreement to support their pretense that the inspection arrangements now make it "safe" to export even such dangerous equipment as plutonium reprocessing plants.

The United States, Mr. Kissinger indicated, has pointed out to them that the so-called "safeguards" agreements providing for I.A.E.A. inspection could be unilaterally abrogated by Brazil and Pakistan. That is one reason why the United States for thirty years has refused—and still refuses—to export uranium enrichment and plutonium reprocessing equipment.

The break with this American policy in the West German-Brazil and France-Pakistan deals has led to inquiries by a half-dozen Congressional committees, which have refused to accept assertions that these contracts can no longer be reversed even if they violate the spirit of the Nuclear Nonproliferation Treaty, which Bonn and Paris have promised to uphold.

The spread of plutonium reprocessing facilities and technology could confront the world with a dozen or more nations capable of producing weapons-grade plutonium for 3,000 Hiroshima-size bombs *annually* by the 1990's. The United States, which invented the bomb, has a special responsibility for heading off this evolution by bringing other exporting nations to agreement not to use the degradation of effective safeguards as "sweeteners" in commercial competition for big power reactor orders.

Mr. PERCY. Mr. President, although I agree wholeheartedly with the Times' assertion that this is a deadly business and that the United States must do everything possible to bring a halt to the transfer of this dangerous technology to individual nations, I cannot accept the implication that our allies are intentionally spreading nuclear weapons capability around the world. Rather I suspect that the impact of these exports on proliferation simply has not received sufficient attention in those countries.

Both France and West Germany have agreed to place these exports under international safeguards, yet this seems to be viewed largely as a price of doing business—with insufficient understanding of the nature of the threat or the limitations of current international safeguards arrangements. The Times editorial asserts that "public opinion, Parliaments, and even the Cabinets of the two countries have been fed misleading information about the supposed 'safeguards' imposed." This concern is further supported by a recent article in Der Spiegel, which notes that these deals are generally prepared in secret, and then presented to the Government in such a way that they must be approved in the interests of employment and a flourishing economy. Moreover, the article points out that the real implications of these exports receive insufficient attention in government circles.

Whether or not there is any intentional misrepresentation involved, it is clear that there is a lack of adequate understanding among the French and West German people and their representatives as to the gravity and urgency of this problem. I do not mean to suggest that this should in any way excuse France and West Germany from responsibility for their actions. However, there are strong indications that because our allies do not recognize the full impact of their nuclear fuel cycle exports, they write off our protestations as competitive sour grapes. We must take every opportunity to counteract this false impression, and to educate responsible officials throughout the world as to the pressing need for meaningful international cooperation in this matter.

## THE FINAL VERSION OF S. 3136, THE FOOD STAMP REFORM ACT OF 1976

Mr. GLENN. Mr. President, the Senate has recently completed action on food stamp reform. I voted in favor of this compromise measure because I believe that it goes a long way toward meeting my two most often stated goals for reform of the food stamp program.

Those two goals are:

First, that the program must be directed only to those in real need of food stamps. People in need must receive stamps promptly and efficiently while nonneedy upper income people must be eliminated from the program.

Second, the program must be greatly simplified so as to eliminate wasteful, expensive errors, "waiting period" backlogs, bureaucratic chaos, and fraud by vendors and recipients.

Having conducted extensive hearings on food stamps as a member of the Government Operations Subcommittee on Federal Spending Practices, Efficiency, and Open Government and, last fall, having joined in introducing S. 2369, a bill to amend the Food Stamp Act, I was particularly pleased to see some of the problems brought out in our hearings addressed in the final version of the bill. Additionally, there were other features of the compromise version that seemed particularly attractive. I would like to comment upon several key points of the compromise agreement as well as several broad issues related to the bill.

### THE STANDARD DEDUCTION

The bill establishes a standard deduction of $100 plus an extra $25 for households with an elderly individual, to be adjusted semiannually according to changes in the Consumer Price Index. This feature should serve to greatly simplify the program by eliminating the complex maze of itemized deductions to determine eligibility. It should greatly expedite the certification process and operate to reduce the error rate.

### INCOME LIMITATIONS AND THE POVERTY LEVEL

The bill sets income eligibility levels at "poverty levels," again to be adjusted semiannually according to changes in the Consumer Price Index. The effect of this is to target the program to those families earning no more than $8,000, an objective which I support.

### PILOT PROJECT ON THE ELIMINATION OF THE PURCHASE REQUIREMENT

We need to closely examine the possible outright elimination of the purchase requirement in the food stamp program. Such a feature would assure that those people who could not afford stamps would get them. It would also cut down on the number of stamps in circulation, eliminate much bureaucracy and totally eliminate food stamp vendors from the program. Much abuse of the program has been by the sellers of the stamps. I was prepared to vote for the purchase price elimination and would have preferred it to the comprehensive compromise. The compromise, however, does improve the committee bill by providing for a substantial pilot project to

determine the actual effect of eliminating the purchase requirement.

COST IMPACT OF THE BILL

Figures from the Congressional Budget Office indicate that this bill could achieve an initial cost savings of as much as $241 million.

OTHER PROVISIONS

The final compromise version of the bill contained other provisions which make sense and promise to improve the program and assure that those in real need are getting help.

No longer will it be possible for college students from wealthy families to receive stamps. Under the compromise, a student from a family that would be ineligible for stamps would himself be ineligible. Students from needy families would still be eligible. This is a badly needed reform. The compromise improved upon the committee bill by removing the $15,000 limitation on income-producing property and tools used in a trade or business. This would have possibly penalized the small farmer or businessman who suddenly hit a personally devastating downturn. He would have had to sell his business to properly feed his family and this is simply not right.

The compromise also wisely deleted the potentially onerous requirement of monthly reporting, a provision that would have required a paperwork army and that would have unduly penalized the shut-in and the elderly. The compromise still gives USDA appropriate discretion in requiring reporting.

In summary, I believe that the Senate took a step in the right direction. Abuse of the food stamp program by the middle-class and the nonneedy has undermined the Nation's faith in the food stamp program and thus endangered a program designed for poor people. I believe that the Senate's bill, if enacted, will check that abuse, simplify the program and save money wasted by a bureaucratic monstrosity.

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## COMPREHENSIVE REGULATORY REFORM CAN BENEFIT MANY

Mr. PERCY. Mr. President, there is general agreement that reform of Government regulation of the economy is badly needed. Regulatory agencies, the "fourth branch" of Government, have expanded their influence into virtually every aspect of our society and our lives. And too often the costs of this regulation far exceed the benefits.

Unfortunately, when there is an attempt to move from rhetoric to action, reform proposals are often met with the well-organized resistance of those industries which are regulated. Sometimes these businesses have become so complacent with their regulated environments that they seem to be afraid of the vigors of increased competition.

The resistance of regulated industries, at times combined with that of certain congressional committees and of the agencies themselves, constitutes the single greatest obstacle to true reform. The saddest thing about this opposition is that it can be as shortsighted as it is self-interested. Intelligent and comprehensive reform holds forth the promise of substantial benefits for all groups in our society.

On this point, I share with my colleagues an excellent article from the Morgan Guaranty Survey for March 1976, entitled "Washington's New Focus on Regulatory Rigidities." As that article concludes:

> The new push for deregulation deserves the support of both businessmen and consumers. Freer, more competitive markets would yield huge rewards: billions could be saved through release of resources for other uses; inflation forces would be dampened; and the economy's productivity and efficiency would be importantly enlarged.

Mr. President, I ask unanimous consent that the Morgan Guaranty Survey article be printed in the RECORD.

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

[From the Morgan Guaranty Survey, March 1976]

WASHINGTON'S NEW FOCUS ON REGULATORY RIGIDITIES

Every few years Congress or the Administration takes a look at some phase of the federal regulatory apparatus with an eye toward reform. Extensive studies are ordered, expert witnesses called, proposals for change are put forth. But little ever comes of it, and today there is no industry of any consequence that escapes the regulators. Their actions touch everyone's life.

Increasingly, however, there is public awareness that government regulation is a decidedly mixed blessing. While performing some functions that are desirable and necessary, it also unnecessarily costs jobs, raises prices, and in various other ways damages the economy. Disturbed by regulatory rigidities, President Ford has urged a new effort by Congress at rationalizing the regulatory structure.

Significantly, there is a difference this time in the flurry of activity in the White House and in Congress: observers in and out of government are confident that, to some degree at least, regulatory reform—aimed both at lessening government's heavy-handed involvement in markets and at promoting more competition within industry—is now a realistic prospect. The decision by Congress (signed into law by President Ford in early February) to permit railroads greater freedom in rate setting and in procedures involving mergers and abandonments—changes that had been sought without success by every President since Harry S. Truman—is seen as an important augury. So, too, is the recent decision by lawmakers to repeal the federal statute permitting an exemption under the antitrust laws for state "fair trade" laws. For nearly 40 years such laws have permitted manufacturers to suggest prices below which retailers could not sell products—at a recently estimated cost to consumers of $2 billion a year in prices higher than they would be without such laws.

Disappointing, to be sure, is the current move in the House to block any meaningful deregulation of natural-gas prices, something the Senate already has approved. It would be difficult to cite rate controls as disruptive in their impact on the supply of goods and services as the government curbs on natural-gas prices. Similarly, in a related field—petroleum—extension of price controls last December (with enactment of the Energy Policy and Conservation Act of 1975) was a blow both for oil producers and for the consumers. By perpetuating an artificially low average price for domestically produced oil, consumption—rather than conservation—has been encouraged; incentives for development of domestic energy resources have been weakened; and the nation's vulnerability to outside energy sources has been enlarged.

GOVERNMENT'S FOURTH BRANCH?

Imperfections in the market process—either because of lack of effective competition or because the profit motive alone could not be relief upon in all instances to protect consumer safety and health—gave initial impetus to government regulation. The first action came nearly 90 years ago with the setting up in 1887 of the Interstate Commerce Commission to regulate the railroads. Three years later the Sherman Antitrust Act was put on the books with the aim of promoting competition. "Muckrakers" and the early "consumerists," who called attention to inferior products and unsanitary conditions in meatpacking, drug, and food industries, played an important role in getting Congress to enact the Pure Food and Drug Act of 1906 and, in the next year, the Meat Inspection Act. With each passing year the list grew: the Federal Trade Commission; the Federal Reserve System (the original purpose of which was to establish a central bank, but which has increasingly become a regulatory agency); the Federal Power Commission; the Federal Communications Commission; the Securities and Exchange Commission; the Federal Maritime Commission; and the Civil Aeronautics Board.

Added regulatory agencies have sprouted right into the mid-1970s: the Environmental Protection Agency; the Occupational Safety and Health Agency; the Consumer Product Safety Commission; the Equal Employment Opportunity Commission; the Commodity Futures Trading Commission; and the Federal Energy Administration (where the number of employees has risen to 3,400 from 965 in 1974).

All told, a small army staffs regulatory agencies at a cost that is placed at $4 billion a year.[1] But that, of course, is only a fraction of the over-all economic cost of regulation. Myriad rules need to be interpreted, forms need to be filled out. The Environmental Protection Agency's share alone of the Code of Federal Regulations added up to some 2,000 pages in mid-1974. Some indication of the size of the federal paperwork burden can be seen in the estimates by the Independent Businessmen's Association that its members (those companies with 500 or fewer employees) spend 130 million man-hours a year doing government-required paper work.[2] (The federal regulatory maze is in addition, of course, to layers of regulatory complexity at the state and local level.)

Meaningful estimates of the costs of federal, state, and local regulation are hard to come by. One rough estimate of the total regulatory burden (by the President's Council of Economic Advisers) places the toll on the economy at 1% of GNP—more than $15

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[1] George J. Stigler, professor of economics at the University of Chicago, in his latest book *The Citizen and the State*, describes the tendency for regulatory-agency spending to rise inexorably: "Each year the appropriations of each regulatory body grow about 8% on average: 1% for population, 5% for prices, and 2% for growing evil. The momentum of events is awesome."

[2] The Commission on Federal Paperwork, set up by Congress in 1974, is beginning to make inroads. It got Congress in December to pass a law eliminating 24,000,000 pages of government forms filed by employers every years. First proposed twenty years ago, the new law changes to annually, from the previous quarterly, the need to file Schedule A of Internal Revenue Service Form 941 (listing certain payroll data). Annual saving to the government is put at $20 million and for business at $235 million.

billion a year.[3] At a time when Americans are increasingly critical of the cost of government at all levels, it is not surprising that lawmakers are focusing new attention on bureaucratic red tape and are searching for ways to reduce the economic waste accompanying massive regulation.

REGULATION'S TWO FACES

Regulation at the federal level splits into two broad categories.

So-called economic regulation. This deals with the competitive performance of industries such as railroads, trucking companies, airlines, banks, and so on. The idea is to regulate the rates charged in instances in which market forces, if left to themselves, would produce or might produce unsatisfactory results judged by "competitive norms"; to control the right to serve specific markets; and generally to monitor competitive practices.

"Social" regulation. This centers on areas such as job safety, consumer product safety, equal job opportunity, and environmental concerns—e.g., air, water, and noise pollution.

As everyone who has had eighth-grade civics knows, there are good reasons for regulation. Natural monopolies need to be curbed. So does the coercive exercise of raw market power. Beyond that, without some kind of regulation there would be a risk of abuse and overuse of the general environment. There is a need, too, to guard against possible business abuses—to make sure in certain sensitive activities that the profit motive is not pursued to the exclusion of other considerations. Examples of such abuses might range from harmful drugs and securities frauds to unsafe working conditions.

Many basic regulations, quite obviously, are necessary. Many others, however, are not needed. A glaring problem is that regulations acquire a life of their own; they do not automatically expire when their usefulness is over (e.g., prolongation of curbs on railroads that made sense initially but which have lost all relevance with the growth of competition from the trucking industry). With no systematic review, long-outmoded rules and controls continue in force for many years.

BENEFITS VS. COSTS

A major aim of regulatory reform is simply to make sure that the benefits produced by regulation are worth the costs. That often is not the case.

As an illustration, consider the recently abandoned automobile seatbelt-interlock requirement. It soon became obvious to Americans that they were paying a lot of money for a complicated system that often didn't work properly and which, in any case, should have been left up to the individual to buy or reject: in a crash, it would be the occupants—not society as a whole—who would suffer the consequences. Congress got the message and scrapped the interlock—but only after the auto industry had shelled out many millions of dollars to devise the system and install it.

In the field of drugs, the costs of regulation include, of course, not only the direct costs of testing (which fall both on the Food and Drug Administration and on the drug manufacturers) but also the indirect costs. Of those, a major one is fewer new drugs and delays in the introduction of those drugs which finally do make it to the druggist's shelf.

In 1962 Congress amended the Food, Drug and Cosmetic Act of 1938 to require that new drugs not only be safe but effective as well. With what result? The President's Council of Economic Advisers, in its 1975 report, noted that the rate of introduction of new drugs "has fallen more than 50% and the average testing period has more than doubled." Moreover, it was far from clear that the average effectiveness of drugs introduced after 1962 was any higher than that of drugs previously introduced. Meanwhile, the 1962 drug amendments cost consumers, on balance, an estimated $300 million to $400 million during 1970.

Few would deny that drug safety is a commendable objective, but some of the regulative effort may perversely cost lives because burdensome regulations can delay introduction of useful drugs. Moreover, businesses complain of the arbitrary manner in which some regulators go about their overseeing. Complaints are especially vociferous by officials of foreign companies who have subsidiaries in the U.S. They express dismay at paperwork requirements and other regulatory red tape far in excess of that found at home.

What's required in regulatory efforts is a balancing of what economists call marginal benefits and marginal costs. For example, having achieved, say, 90% purity of air, it might cost as much again to remove the last 10% of the impurities. Such expenditure may not be sensible if 90% purity is amply protective of health standards. President Ford, stressing the need to measure gains against added costs, recently asked: "Is it worth as much as $30 billion a year to consumers to reduce the level of occupational noise by five decibels? Have airbags proven sufficiently cost-effective for us to require their installation in all cars at $100 to $300 each?" Shouldn't the consumer decide for himself whether or not to make such an investment in added safety? Such questioning seems long overdue.

NEEDED: MORE COMPETITION

The chief aim of the White House in its deregulatory campaign is to bring about more competition within industry. Ironically, the bias of regulatory policy—and enforcement—is found to be against competition. That conclusion was pointed up not long ago by one of the government's top regulators, Lewis Engman, chairman of the Federal Trade Commission: "Much of today's regulatory machinery does little more than shelter producers from the normal competitive consequences of lassitude and inefficiency."

To sharpen the competitive thrust, President Ford has asked Congress to legislate fundamental changes in laws affecting the trucking and airline industries so that companies can respond more flexibly to market conditions. The Ford proposal for the airlines, for example, would let supplemental airlines and new airlines compete with trunklines and would let trunklines compete more among themselves by expanding existing routes without CAB approval. Over the years, trunkline competition has been diminished through mergers. Under Mr. Ford's plan, mergers no longer would be immunized by the CAB against antitrust attack. Significantly, there is considerable bipartisan support for reform of airline regulations. For example, Senator Edward Kennedy's reform ideas are similar to the President's; the Massachusetts Senator believes that existing airlines should not be protected from new route competition and that new competitors should be encouraged to enter the scheduled airline business.

In banking, perhaps the most regulated industry of all, President Ford wants to phase out anticompetitive federal regulations governing commercial banks and thrift institutions. Among other changes, thrift institutions would be able to offer a wider variety of services (e.g., checking accounts, consumer credit) and banks and thrift institutions would eventually be allowed to pay more competitive interest rates to savers (through the termination in five and a half years of Regulation Q ceilings).

A number of other industries reportedly are on the list for regulatory reform by the Administration, Among them: insurance, farm cooperatives, and cable TV.

Quite aside from the agencies, the government's sweeping look at wasteful overregulation is taking in individual laws which long have been candidates for critical review. The Robinson-Patman Act, for example, makes it illegal for producers to discriminate in price between two purchasers of the same commodity. Those in Congress who support the law say it protects small businesses from being undersold by large-volume purchasers. But President Ford, who wants Robinson-Patman changed, argues that it is an unnecessary restraint on competition that winds up adding to the bill the consumer must pay.

Or take the Davis-Bacon Act. It tends to raise the cost of public construction projects because government rules require wage rates higher than those that would result if the market were allowed to operate without interference. What happens is that the government sets "minimum" wage rates that are almost always at least as high as local union rates rather than the average wage rates paid to all construction workers in the local area. The General Accounting Office has estimated that the Davis-Bacon Act adds 5% to 15% to the costs of federal construction.

RESISTANCE TO CHANGE

Despite signs of a new willingness in government to push ahead with regulatory reform, no one expects sweeping change in a hurry. Especially in an election year, Congress can be counted on to move with a measured tread. And yet when a public mood for change builds up, the government does act to clear away dead wood. Witness the dropping of wage-and-price controls in April of 1974 in the wake of widespread discontent with a program that clearly was an exercise in futility.

Unlike public feelings about wage-and-price curbs, however, sentiment about the efficacy of regulatory agencies is mixed. Consumers for the most part do not have a clear realization of the costs of regulation and of the benefits that would flow from abolishing archaic, conflicting, or anticompetitive practices. As a consequence, there is no well-organized consumer movement clamoring for scaled-down regulation.

Opponents of reform, on the other hand, *are* well organized. As often as not, these include the committees in Congress that authorize a program or agency, the bureaucrats who run it, and those groups in the population who benefit from it—the owners and employees of regulated companies. Indeed, the staunchest foes of deregulation all too often are the very industries that are being regulated. Thus, companies which like to think of themselves as champions of free enterprise are often found to be against efforts to shrink government's intrusive role in their business. Quite a paradox.

In some cases, businesses do not resist the regulatory environment because they have gotten used to it and are even cozy and comfortable living within the prescribed rules. In other cases, businesses have become apathetic when faced with some tough choices. When regulators, who have broad discretionary powers, act in an arbitrary, even capricious, manner what is the businessman to do: cooperate and seek to please? Or should he choose to fight it out in a long and costly court battle? Often the former route—the line of least resistance—is followed. Arbitrary authority is inherently bad; it can encourage venality and breed corruption. Competition is a fairer and more efficient regulator by far.

[3] The CEA, in its 1975 report, put the cost of regulation of surface transportation alone at between $4 billion and $9 billion annually.

The new push for deregulation deserves the support both of businessmen and consumers. Freer, more competitive markets would yield huge rewards: billions could be saved through release of resources for other uses; inflation forces would be dampened; and the economy's productivity and efficiency would be importantly enlarged.

## GEORGE BALL ON FOREIGN AFFAIRS

Mr. PROXMIRE. Mr. President, the Senate Banking, Housing and Urban Affairs Committee held 3 days of hearings last week on the subject of foreign bribes and illegal payments by American business firms.

The purpose of the hearings was to receive testimony on a bill I have introduced, S. 3133 which provides for public disclosure of payments of foreign commissions and fees and impose criminal penalties for the payment of bribes.

Among our witnesses was George W. Ball, the former Under Secretary of State and at present senior managing director at Lehman Bros., Inc.

Mr. Ball's testimony is perhaps the most cogent, concise and powerful statement about the problem of foreign bribes made so far.

In his testimony, Mr. Ball methodically responded to the arguments being made to rationalize the problem of foreign bribes or to excuse it or to urge further delays before taking action.

### THE COMPETITION IS OFTEN BETWEEN U.S. FIRMS

For example, Mr. Ball points out that in many cases where bribes have been paid, the only competitors for the sale to the foreign government were American corporations. To argue that American firms must engage in corruption in order to prevent the loss of business to foreign competitors is therefore irrelevant in such situations. In the case of the Lockheed bribes in Japan, the only competitors for the sale of wide-bodied jets were two other American manufacturers.

Mr. Ball states that what the excuses reflect is "a slothful business habit and a carelessness reinforced in many cases by gullibility; for the record is replete with bribes paid unnecessarily to individuals who in fact have no effective influence or who have pocketed the funds they have promised to pass on to influential ministers."

### MANY FIRMS ENGAGED IN BRIBERY ABROAD ALSO CORRUPTING U.S. POLITICS

Mr. Ball goes on to point out that many of the same companies who have been involved in foreign corruption have also been identified as corrupting the domestic electoral process by illegal political contributions.

### IRRESPONSIBILITY OF FOREIGN ARMS SALES POLICIES

Further, Mr. Ball makes what is perhaps the most important point of all insofar as the bribes have involved foreign military sales. The prevalence of bribery, Mr. Ball states, emphasizes the irresponsibility of our current arms policies.

This point cannot be stressed too much. I have previously released documents showing that high Pentagon officials have placed the foreign military sales program on the top of the list of priorities and that they have been so zealously pushing foreign arms sales that it is not surprising to find abuses and gross inefficiencies in the program. Indeed, until fairly recently the Pentagon was counseling the defense industry on how to pay bribes in foreign countries.

As Mr. Ball states, in the area of foreign military sales "bribes are part of the process of persuasion."

In order to bring the views of George W. Ball to the attention of my colleagues, I request unanimous consent that his statement submitted to the Senate Banking, Housing and Urban Affairs Committee on April 7, 1976, be printed in the RECORD.

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

TESTIMONY OF GEORGE W. BALL, SENIOR MANAGING DIRECTOR, LEHMAN BROTHERS INC.

Mr. Chairman:

The subject to which this Committee is addressing itself, the practice followed by some multinational companies of paying bribes and arranging kickbacks in connection with sales of their products to foreign governments demands the attention of the Congress and the American people.

Frankly, I have been disappointed not merely at the unfolding evidence which indicates the widespread nature of this problem but also the reported reaction of a few leaders of American business—by no means all—who seek to condone these corrupt practices as a necessary feature of their operations in certain parts of the world. We hear again all the familiar excuses. Bribery, they contend, is an established part of the economic and social system in many countries, where underpaid bureaucrats are expected to achieve a living wage by supplementing their income through illegal exactions. Moreover, unless American business firms are prepared to pay such involuntary tribute they will lose business to foreign competitors. "When in Rome, one must do as the Romans do."

Such self-righteous answers cannot stand analysis. That American business firms are compelled to engage in bribery is disproved by the example of a number of our most successful enterprises that rigorously reject such practices yet still do enormous business all over the world. By and large, I have been impressed with the fact that many of our best managed companies have long had strict rules against any form of bribery. Nor is it enough to argue that such corruption is a patriotic necessity to prevent the loss of business to foreign competitors to the detriment of the American balance of payments. Lockheed's only competitors for the sale of wide-bodied jets in Japan, for example, were two other American air-frame manufacturers. It was a strictly intramural contest.

What all these excuses reflect is a slothful business habit and a carelessness reinforced in many cases by gullibility; for the record is replete with bribes paid quite unnecessarily to individuals who in fact have no effective influence or who have pocketed the funds they promised to pass on to influential ministers. Thus I do not find it surprising that many of the same companies identified as practitioners of corruption in their international transactions have also been disclosed as corrupting our domestic electoral process by illegal political contributions. Nor is it surprising that a high percentage of the companies paying bribes are engaged in the sale of military equipment. Although the problem of excessive arms sales by the United States is separate from the question of bribes and kickbacks by multinational companies (since the question of excessive arms sales relates primarily to American government policy and the role of Pentagon agents as salesmen for our military hardware), the issues are not totally unrelated. The prevalence of bribery merely emphasizes the irresponsibility of our current arms policies. Not only are defense ministers and military commanders in small countries often persuaded by our military representatives on the spot to buy weaponry more advanced than they need—or even, in many cases, more advanced than they can use effectively—but bribes are part of the process of persuasion. Yet it is against American interests for either Pentagon salesmen or American companies to contribute to the delinquency of small nations.

But if most Americans are repelled by the thought that major American enterprises are paying baksheesh to shady characters in far-off countries, what is the best way to stop the practice

The argument is often heard that the remedy must be sought, if at all, through international action; otherwise, American companies may be placed under constraints to which their foreign competitors are not subject. In theory, of course, that is correct; without doubt we should encourage host governments to enact harsh laws against such corruption, our government should be prepared at all times to cooperate in the apprehension and punishment of those who break those laws, and we should take an active lead in the effort to develop international guidelines. But to rely on such actions alone would, in the present climate, mean avoiding and not facing the problem. Obviously, there is not yet a sufficient common approach among major trading countries to make effective international measures feasible. Measures now being considered by the OECD amount, for example, to little more than a pious expression of disapproval.

So let us be realistic, since this is far too serious a matter to dismiss merely with a procedural shrug. The only action that could materially reduce the practice—and mitigate its consequences—is for the United States Government to utilize its powers as the domiciliary state of most of the largest multinational companies by enacting and enforcing comprehensive laws imposing on American corporations a standard of conduct in their overseas dealings fully as strict as that required at home. Only when that is done, will our Government be able to speak with authority in shaping an international set of rules and sanctions. Having put our own house in order, we will be entitled to insist that foreign governments do likewise—and, in time, this procedure should gradually bring some solid results.

I think the Committee is well advised to put the principal burden on the Securities and Exchange Commission to insist that companies maintain accurate records of such payments and report such information to the Commission. It was Mr. Justice Brandeis who once said that "sunlight is the best disinfectant," and if the Commission were regularly to make public not only information as to the payment of bribes but also the details of those payments and the names of recipients, it would certainly discourage the practice. Although Mr. Kissinger might not like this procedure, it would not only impose a new standard of rectitude and diligence on the managers and directors of corporations whom it might expose to bad publicity and even shareholders' suits, but it would also deter assiduous middlemen in foreign countries and even discourage the cupidity of foreign officials.

To be sure, for a limited time-span some American companies might lose certain business opportunities, but that is an expense we should be able tolerate for the good health of our political and economic system.

Nor am I impressed by the fact that such disclosure would be harmful to our relations with other countries. I do not think there is any obligation on the part of the United States Government to conspire with government leaders in other countries to conceal their own chicanery.

Excuses for collaborating in corruption reflect not only the counsels of moral bankruptcy but a disease of market economy countries that could in the end destroy them. It is no good to say: "We cannot impose too severe restraints on the purchasers of our nuclear equipment or other countries will get the business;" the argument will lose its persuasive quality when we come face-to-face with an irresponsible power with a nuclear bomb. Nor is it any more convincing when we are told that America should not prohibit its companies from paying bribes to foreign bureaucrats because that would give aid and comfort to foreign competitors.

America prides itself on proving by its example the benefits of free enterprise, but the vaunted machinery of the market mechanism is not impressive when competitive success depends not on market forces but the debauching of government officials. To be sure, the correlative of bribery in many areas of the world is extortion, yet the managers of American corporations are not hired to give in to extortion. The vast volume of speeches, pamphlets and advertising copy and propaganda leaflets extolling the virtues of free enterprise are canceled every night when managements demonstrate by their conduct that a sector of multinational business activity is not free; it is bought and paid for. This is a problem that, like so many others, has relevance in the struggle of antagonistic ideologies; for, when our enterprises stoop to bribery and kickbacks, they give substance to the Communist myth—already widely believed in Third World countries—that capitalism is fundamentally corrupt.

We cannot have it both ways. We cannot proclaim that competition is the lifeblood of our economic system, while slipping money under the table to foreign purchase. That is asking too much of human credulity.

## UNEMPLOYMENT AND THE GOVERNMENT EXPLOSION

Mr. GRIFFIN. Mr. President, on April 5, the Economic Club of Detroit heard a challenging view of economic policy from Mr. E. Douglas Kenna, president of the National Association of Manufacturers.

I ask unanimous consent that a copy of Mr. Kenna's remarks be printed in the RECORD.

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

UNEMPLOYMENT AND THE GOVERNMENT EXPLOSION: LABOR-MANAGEMENT TEAMWORK CAN TURN THE TIDE

(An Address by E. Douglas Kenna, President, National Association of Manufacturers)

I am honored to be in Detroit because of what this city stands for—not just for this country but throughout the world. Detroit is the hub of the competitive enterprise system. It's the cradle of the mass production dynamism which helped create the miracle of America.

Without Detroit, the American dream could never have happened. But without the help of the business and labor leaders of Detroit—the competitive enterprise "activists" in this room—we will not be able to continue to nurture that dream. The people here today, representing both business and labor, working together, can save and strengthen the economic system which fashioned that dream—and by saving that system, save the basic political freedoms we cherish and the way of life we hold dear.

It is perhaps a quirk of history that we find ourselves in this Bicentennial year fighting to save something that so fundamentally contributed to the nation's growth and greatness. And it is to you that the gauntlet has been thrown. It is to you, not Washington, not government, not politicians, that history will turn to answer how well we did at this point in time.

While the challenge is grave, there has never been a better time for both business and labor to work together to find lasting solutions to our economic problems. Never did two groups have so much in common, and never have they had so much to gain by joint action on their common problems.

Years of neglect of sound economics brought us deep recession and lingering unemployment and inflation which are contributing to popular disenchantment with our system. They are helping to erode public confidence in our ability to solve our problems.

It is up to business and labor to join together to restore that confidence and to rebuild the economic philosophy, the very foundations that made America great.

Our task will not be easy. We must act in a complex area where hardly any consensus exists.

But without question, a first step is to let the economy recover its health—not through further unnatural government manipulation and over-stimulation—but through its own natural recuperative powers. We cannot do this overnight, but as John Kennedy said, "Let us begin." We may experience some transitional pain, but Americans have never lacked for courage. Our people have what it takes to win this battle just as they have won others—if only our own governmental policies will give us a chance.

As we look at the tidal growth of government in our nation, labor and management can only conclude that we must fight to find a new balance between the public and private sectors . . . so that America can hope to benefit from the best aspects of both. This calls for urgent Washington action on three fronts:

First, we must stop or sharply slow down the enormous growth of government spending and end the nightmare of deficit financing.

Second, we must create a tax policy climate that is conducive to expanded investment, economic growth and more and better jobs.

Third, we must reduce or radically reform the tightening web of regulation over business operations.

Let us not deceive ourselves about the difficulties in working our way out of the jam we're in. We all know that the fundamental economic problems of this country remain grave even though the current economic outlook has been getting steadily better.

It is encouraging to note that the nation's total production rose at an annual rate of 8 percent during the second half of 1975 and continues its upswing.

Employment has risen by more than 2 million since last spring. Meanwhile, unemployment nationwide has come down from 9 percent—even though it remains at an intolerable level of 7½ percent.

Consumer sentiment has risen along with retail sales. And as confidence improves, further increases in production and employment can be expected.

Equally important, we have seen a gratifying moderation in the inflation rate.

While all these are hopeful signs, the deeper problems remain—deepseated problems that will continue to plague us unless we act with resolve and wisdom to solve them.

The malevolent twins of unemployment and inflation and government economic policies as a whole have become primary issues in our national life.

Both management and labor should ask themselves: how did it come to pass that recent events have taken such a needless toll of the richest, most productive, most creative society the world has yet seen?

I believe a major answer lies in our recent history. Many in business and labor remember with pride the two decades of spectacular growth after World War II. Even since 1959, we've seen the American worker's real purchasing power jump by 40%. We saw average family income rise to nearly $13,000 per year. We saw the creation of 20 million new jobs. We saw the proportion of people below the poverty line cut in half—from 21% to 10.5%.

But in the mid-60's, we witnessed a dangerous turning point in our economic history. To be sure, growth until then had not been perfectly smooth. The postwar years brought four recessions—but they were minor and brief. We also had two inflationary periods—but they were rather quickly contained. Then, in the mid-60's, our economic troubles bean to pile up, to become cumulative.

And since then we have seen a progressive deterioration in the health, stability and vigor of our economy. The past ten years have brought two recessions, with that in 1974 the worst in almost 40 years. Prices rose 12% and unemployment topped 9%. And Detroit, as everyone here well knows, was hit with even worse impact—and is still trying to recover.

These events have seriously affected the inner workings of our economic system. They have affected savings and investment and gravely impaired the creation of productive facilities and new jobs, on which our whole economic future depends.

Part of this problem lies in the severe pinch on profits brought on by the past decade. From 1966 to 1974 national income almost doubled—from $622 billion in 1966 to $1,141 billion in 1974. Corporate profits, however, declined both absolutely and as a percentage of national income. The Commerce Department reports that after-tax corporate profits fell in this period from $48.9 billion to $38.7 billion. In percentage terms, after-tax profits went from 7.9% of national income in 1966 to 3.4% in 1974.

And you know what inflation did to the purchasing power of these earnings. Real profits in 1974, as a result, were only one quarter as great as eight years earlier—in the face of rising needs for more and more investment funds.

What does this mean for the American worker?

I sometimes feel that much of the discussion about profit in Washington and elsewhere misses a basic point. Profit isn't something skimmed off the top by a select few and hoarded in an underground vault. The 5% of gross revenues that business in general finally earns as after-tax profit is returned to the economy and to the people—directly to over 30 million shareholders and indirectly to almost everyone else, to all with a stake in an insurance policy or pension plan. Most important, profit is what creates modernized and expanded plants. For the American worker this means new jobs, better wages, rising living standards and less inflation. Like the sparkplug in an auto's engine, profit provides the push to make the entire economic system go.

Conversely, when earnings are so low, business simply cannot invest in expanded plant and modern tools and equipment and provide the growing number of jobs needed by a growing work force. When politicians pass measures and continue tax policies that penalize savings and investment, what they're really doing is punishing workers by

limiting the creation of new jobs and holding down productivity and thus real wages.

During this past decade, it has become obvious that a central source of our economic troubles has been the vaunted theory of "new economics" that captured the imagination of national political leaders in the mid-60's. "New economics" has keynoted policy-making ever since, with tragic consequences for American business and the American worker.

To be sure, the thesis of the "new economics" was beguiling: that by manipulating the federal budget, by manipulating taxes and spending and the money supply, magically somehow we could generate both a heady feeling of prosperity and a wondrous condition defined as "full employment." This manipulation, went the philosophy, could also preserve stable prices. And so the budget stopped being a tool for the management of government's own financial affairs and, instead, became an instrument for manipulation.

Everywhere in our society today we see the failure of the "new economics" approach—not only in inflation and unemployment but in national despondency and a decline of individual initiative and enterprise. Yet, inconceivable as it seems, there are still political leaders who would have us continue down this disastrous path. Their cure for the malady brought on by this patent medicine is to resort to still larger doses—like treating an alcoholic with more and more martinis.

What could be more obvious today than the crying need to return to the "old economics"

Fortunately, more than a few of the "new economics" politicians may be thinking the same thing, at long last. Isn't is noteworthy that some of the liberal candidates for office today refuse to describe themselves as "liberal"? Could it be that they've finally become aware that the public sees them simply as liberal spenders of someone else's money—or even worse, of borrowed money—the very approach that got us into such serious trouble in the first place?

It is in business' and labor's interest to stop the delusion in Washington that budget deficits do no real harm. We have recorded Federal deficits in 15 of the past 16 years. In just 10 years the cumulative red ink has added up to $217 billion. And if we add to that figure the spending of off-budget agencies and government-sponsored enterprises, the total deficit of the past decade comes to more than $300 billion.

Undismayed by all this red ink, Congress is now pointing toward a budget for the next fiscal year soaring well beyond $400 billion, with another deficit topping $50 billion. Payments on the Federal debt alone will have risen by next year to a fantastic $45 billion dollars—our third largest budget item!

I'm afraid that most people in Washington don't really know what a billion dollars is. They don't even count the zeroes anymore. Here's how big a billion is: One billion seconds ago, the first atomic bomb had not been exploded; one billion minutes ago, Christ was still on earth; one billion hours ago, men were still living in caves; yet, one billion dollars ago—in terms of government spending—was yesterday.

When politicians in the name of "compassion" vote for vast new spending programs that lead to huge deficits, handicap industry and spur inflation, the hardest hit are precisely those whom such programs are supposed to help—the poor, the dependent, the retired, and the unemployed. When these Americans cannot protect themselves against the inflation which is spurred by such deficits, to whom do they turn for help? Government. And when politicians pass still more government programs to "solve" the problems their previous programs created—and give less help to the private sector that could do more for our economic well-being—the vicious cycle begins anew.

Fundamental changes are obviously overdue. Government cannot continually increase its share of the nation's resources without drying up the supply of capital necessary to finance new jobs and meet our other needs.

For much of the past 30 years, we have had tax policies that favor consumption over investment. This means that as the private sector is weakened by under-investment, as the decline in profits forces firms deeper into debt, business will not be able to create the 40 million new jobs needed by the year 2000. That's why business and labor must work to get tax policies that will allow business to reinvest its earnings in greater capital formation and more jobs.

When we talk about unemployment, let's talk about a fundamental fact: 83% of Americans are employed by the private sector, not by government. Five out of every 6 jobs are provided by business. Why, then, are so many in Congress today pushing for vast new Federal spending to create public service jobs when stimulation of the private sector will produce far more effective, far more enduring results?

There is little doubt that the unemployed are bearing the brunt of inadequate investment right now. Reduced capital formation means less economic activity, less employment, less improvement in productivity and more inflation, less ability to compete with overseas producers, and less improvement in our standard of living. These are the real-life consequences of our present tax structure and they can be corrected.

And while we are examining the economic viruses unleashed by ill-conceived government policies, let us also examine another contagion—that of excessive government regulation.

While most government regulation was originally aimed at preventing business abuses, all too often it now prevents business from operating efficiently and has thus become a public abuse in itself. Federal regulatory agencies now exercise direct control over industries like railroads and air and truck transportation that account for 10% of everything made and sold. And all businesses have come under more and more control in such areas as environmental protection, consumer satisfaction, job safety and hiring practices.

The economic burden of over-regulation amounts to tens of billions of dollars each year—costs that are directly borne by American taxpayers and American consumers in everything they buy. Then, compounding the injury, the same legislators who advocate more and more costly regulation turn around and advocate price controls.

The central question both labor and management must ask is whether the benefits of excessive regulation are really worth the costs. How much is too much? Where does the public finally reach the point of no return from government's intrusions into the operation of business and the workings of the marketplace?

Both management and labor are coming to recognize that the approaches of the past 30 years will not serve as viable policies for the balance of this century. If we can join together to improve our economic well-being—by joining to correct misguided government policies—we stand every chance of success. But if we do not, our economic troubles can only multiply and worsen.

As we begin to restore the necessary conditions for renewed economic growth and prosperity, we must ask some tough questions.

We must reexamine government's skyrocketing programs for welfare and other forms of income maintenance and ask whether they provide benefits on such a generous scale that they may be blunting incentives to work—as well as bankrupting the nation.

We need to get down to some basics about the unemployed: Who are the jobless? Why are they unemployed? How long have they been out of work? It's obvious that our methods of tracking and tabulating unemployment need serious review.

And there are other areas that need the joint attention of business and labor. One is the Federal minimum wage law. Here we need to ask whether the constantly rising wages for entry-level workers have, in fact, priced teenagers out of the job market. And we should jointly examine whether age exemptions and differentials are needed to correct this sad result.

Together, we should examine job training inadequacies and ask why high unemployment and job vacancies often exist side by side. Business and labor can join in providing current and prospective federal and local manpower training programs with better input to make these programs more useful and productive.

Both business and labor should be asking whether these programs have really achieved the successes predicted for them after the expenditure since 1964 of some $13 billion and the training of six million workers. We should jointly be asking how many Americans got jobs for which they were trained? How many were trained for jobs which were not available?

And most fundamental, we should question whether instead of spending billions of tax dollars on public service jobs with limited potential, we should be trying to provide more jobs with more worker satisfaction and lasting staying power in the private sector, contributing to the greater well-being of our entire society.

There has been a good deal of discussion in Washington lately about central economic planning. Planning, if it means national decision-making with an eye toward long-term consequences, is, of course vitally necessary for government no less than for anyone else. But before we set any pattern of planning in legislative concrete, we should jointly ask further questions:

Would, for example, such planning create still another enormous and powerful bureaucracy whose function is only vaguely defined? Could either Congress or the Administration really control the actions of such a bureaucracy? Would Congress again be transferring part of its decision-making responsibility to non-elected people? Could such planning not be done more usefully for the Congress by its Congressional Budget Office and for the Administration by its Council of Economic Advisors, both already staffed by able people. And perhaps most critical of all, does national economic planning really mean a centrally planned and federally controlled economy?

There are a number of areas where business and labor are working together with good results. Significantly, for examples, the United Auto Workers has come to recognize the burdensome effects on auto prices, markets and jobs of overly stringent environmental standards, and is helping correct these defects.

Labor and management certainly share a common concern for controlling the costs of health care and preventing abuses in unemployment compensation systems, in developing more energy and promoting national independence from insecure and exorbitantly priced foreign oil supplies, in reining in on inflation and building a better climate for natural growth.

In final analysis, however, the greatest common concern of all—the overriding issue before management and labor—is nothing

less than the survival of our competitive enterprise system.

Both management and labor know that something has gone wrong lately with our economic machinery. Individual Americans certainly do. They are carrying the privations and burdens of unemployment and inflation—burdens they do not wish to accept and do not need to accept. People generally may not be as learned about the economy as economists but they have great common sense. They know what works and what doesn't work. Even if most Americans don't know the phrase "new economics," they see what it has wrought in their daily lives. And politicians who continue to preach that gospel will, I am confident, do so at their peril.

It is for management and labor to remind and re-remind government that the greater its expansion, the greater is the use of resources that would far better serve the general welfare if left to the private sector. These may be painful truths, but they are the truth. They may not seem to be good politics, but they are in fact the best politics because they are the best economics.

I urge each and every one of you, in every field of life, to stand up and fight for a new balance between our private and public sectors. The results will be worth it. Indeed, they are what we will live with for all time to come.

## SECRETARY OF AGRICULTURE EARL BUTZ AND OWEN J. MALONE, CHIEF INVESTIGATOR FOR SENATE INTERIOR COMMITTEE

Mr. HASKELL. Mr. President, the Interior Committee's Subcommittee on Environment and Land Resources has been conducting an investigation of the decisionmaking process of the Forest Service in preparing the East River unit plan in the Gunnison National Forest and acting on a proposal by the Crested Butte Development Corp. to expand a ski resort on land within that unit.

The subcommittee held 3 days of hearings on this matter last week. At the first day of hearings, the committee's senior counsel, Owen J. Malone, presented a report on his investigation of this case. Mr. Malone's testimony included an account of an interview with the Secretary of Agriculture Earl Butz about his role in the Department's consideration of the expansion proposal of the Crested Butte Development Corp.

According to wire service reports, Secretary Butz was interviewed in Chicago on Friday and accused Mr. Malone of distorting his remarks to make it seem that he had called a Forest Service official about the Crested Butte proposal. Thereafter, Secretary Butz is quoted as making abusive personal remarks about Mr. Malone and saying "he deliberately lied" to make a headline. I ask unanimous consent that the text of the wire service report be printed in the RECORD at this point.

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

[Wire Service Report]

CHICAGO.—Secretary of Agriculture, Earl Butz, Friday accused a Senate investigator of lying in testimony before a subcommittee, and he said the action is "typical of the investigating staffs of those Senate committees" seeking publicity.

Butz said Owen Malone, Chief Investigator for the Senate Interior Committee, made it appear that Butz telephoned a Forest Service official on behalf of former Army Secretary Howard Calloway, who was seeking to expand his Colorado ski resort onto Government land.

"I categorically deny any influence on this," Butz said at a news conference. "I did never discuss it with the Forest Service. I never discussed it with Calloway, and this kind of stuff by Mr. Malone is dirty pool."

After the news conference, Butz told reporters, "This kind of stuff, I'd like to poke down their throats."

"That little bastard, he burns me up." Butz said, referring to Malone.

Malone presented his testimony this week to a subcommittee of the Senate Interior Committee, which is investigating whether Calloway used improper pressure to get his property extended to government land.

Butz said Malone distorted an incident that occurred last summer. He said on July 3 he received a memo from former Undersecretary of Agriculture J. Phil Campbell, who had lunched with Calloway. Campbell said Calloway wanted to expand his ski resort.

"He (Campbell) wrote me a short memo just to summarize what had been said," Butz said. "That laid on my desk until August 18 . . . It laid on my desk for 10 weeks."

Butz said when he got around to handling the memo, he sent it on to Richard Ashworth, Campbell's deputy, telling him to discuss it with Rexford A. Resler, Associate Chief of the Forest Service, "just to make sure all sides were fully presented."

Butz said Malone made it appear that he personally phoned Resler.

"He deliberately lied and twisted the memo around for the purpose of making a headline," Butz said.

"This is a deliberate distortion of the way it (the memo) was written for the purpose of making a headline. I resent it. It's typical of the investigating staffs of those Senate Committees where they bid for 90 seconds on the evening network. Right now there are so many presidential candidates from the Senate usurping that time it's difficult to get on."

Mr. HASKELL. Mr. President, the record is clear that Mr. Malone never testified that Secretary Butz had called the Forest Service. It may well be that Secretary Butz was misinformed about Mr. Malone's testimony when he was interviewed in Chicago. Even so, if the Secretary made the remarks about Mr. Malone that he is reported to have made, I believe that would constitute conduct unbecoming a member of the Cabinet.

At the subcommittee's hearing on Saturday, all the Senators present from both sides of the aisle expressed their confidence in Mr. Malone's integrity and the objectivity and fairness of his investigation. Obviously the committee will seek an explanation of Secretary Butz' remarks as reported by the press. In the meantime, let me emphasize that the committee will not tolerate attempts to discredit, intimidate or impugn the integrity of its professional staff.

## DIVESTITURE FOR THE OIL INDUSTRY

Mr. PHILIP A. HART. Mr. President, most of us who favor divestiture for the oil industry will emphasize the economic merits of the idea. I, for one, am convinced that the economic arguments are persuasive. But perhaps the more important reason for disbursing economic power is that it is incompatible with our democratic principles

Senator BIRCH BAYH, a strong and effective leader in the divestiture fight, discussed this concern in the January-February issue of Challenge magazine. I ask unanimous consent that the article be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. PHILIP A. HART. Mr. President, the message of the piece is best summed up in the concluding paragraph:

The enactment of such legislation would be an act of liberation, freeing American society from power which should never be vested in a single private interest, especially a commercial interest with control over a commodity we need in order to exist.

That says it very well, indeed.

EXHIBIT 1

WHAT TO DO ABOUT OIL COMPANY POWER

In his book *The Acquisitive Society*, R. H. Tawney wrote: "The burden of our civilization is . . . that industry itself has come to hold a position of exclusive predominance among human interests, which no single interest, and least of all the provision of the material means of existence, is fit to occupy." These words were written fifty years ago, but Tawney might well have been describing the place of the major oil companies in American society today. By dominating all industry which directly or indirectly sustains all of our existence, a few companies do indeed control our destiny. These companies have the capacity to limit supply and to administer prices. They can squeeze out smaller competitors through noncompetition and vertical integration. At present, their actions threaten economic recovery, place an unnecessary burden on the consumer, and damage the free enterprise system.

There are three main ways in which the oil companies defy the normal process of business competition. They "swap product," that is, borrow crude or refined petroleum from a supposed competitor in exchange for a promise to provide an equivalent product in return at another time or place. They divide market areas, with major companies reducing their presence in some markets in exchange for reciprocal reductions by other companies. And they combine their exploration, production, refining, and transportation operations through joint ventures and partnerships. In some cases, the huge capital investment required to develop a necessary link in the chain from well-head to pump may justify this, but most often the chief motivation is noncompetition.

Joint venture pipelines are a good example of this. Competition is stifled by denying the use of the pipeline to nonowners, balancing costs between owner companies, giving rebates to owner companies, and subsidizing one pipeline segment with another, in order to drive out alternative means of transportation.

Of the twenty-two firms with the largest operations in the production, refining, or marketing phases of the industry, thirteen have major holdings in all three phases. Through this vertical integration the major companies are able to manipulate their profits to drive out the remaining independent competitors, whose profits are derived from only one segment of the industry. The biggest companies recently decided to make their profit at the crude oil phase, while tolerating little or no profit at refining and marketing stages. This gives them a competitive advantage over firms dependent for profit on their refining or marketing operations.

The major oil companies claim that any federal involvement with the current struc-

ture of their industry would damage the free enterprise system in the United States. But the evidence is strongly on the other side. Let us take a look at refining operations. For years, independent refiners have been forced to buy higher priced crude from the majors, while those same majors saved lower priced "controlled" crude for themselves. Only a recent order by the Federal Energy Administration prevented differential treatment by a major crude oil producer of its own and independent refineries.

In May and June of 1975 the major refineries limited their operations, thus creating a supply-demand imbalance for gasoline immediately prior to the peak driving season. The resulting shortage kept prices at record levels. And these high prices, coupled with the price pressure imposed by the OPEC countries, have contributed vastly to the current inflation. Not only are the prices of gasoline and home heating oil affected, but also the prices of thousands of other products, like drugs and synthetic fabrics, in which petroleum is an essential ingredient.

With the growing evidence of the pervasive and pernicious impact of these conditions in an essential industry, it is clear that strong action is required.

Three alternatives—aside from the unacceptable one of doing nothing—were reflected in the testimony of witnesses at recent hearings of the Senate Antitrust and Monopoly Subcommittee, on which I serve. They are (1) allocation of the limited petroleum supply through the price mechanism, (2) continuation of federal allocation and pricing programs, or (3) mandating the restructuring of our domestic energy industry to promote free market competition.

The first alternative is unacceptable. Allocation by price manipulation, the basic premise of virtually all of the Administration's energy programs, places disproportionate burdens on consumers in general and the poor in particular. At the same time it rewards major companies for their ability, through concentration and monopoly, to determine price and production levels. The second alternative—continuation of federal pricing and allocation programs—is necessary in the short-term. But in the long term, this will inevitably lead to greater federal involvement in the industry, which might in turn bring us to *de facto* nationalization—an option to be avoided.

The very weaknesses of the first two alternatives highlight the strengths of the third. We need a fundamental restructuring of the oil industry to break up the vertical integration of companies and introduce added competition.

I have authorized and am strongly working for the Petroleum Industry Competition Act of 1975. The act looks at the four segments of the industry—production, transportation, refining, and marketing—and requires any company, with a major interest in production, refining, or marketing, measured by volume of crude or product handled, to divest itself within three years of all interests in the other three segments. (The eight largest companies have major interests in all four.)

An exception is provided for major marketers who would be permitted to retain or to acquire refining operations as an incentive to expand our grossly inadequate refining capacity. Because oil pipelines provide such an essential link in the industry's structure and should be common carriers, all oil pipeline companies, regardless of size, would be required to divest themselves of all other interests in the industry.

In October 1975 the United States Senate voted 54 to 45 against similar legislation sponsored by Senator Phillip Hart, Chairman of the Senate Antitrust and Monopoly Subcommittee, who is also co-sponsoring my legislation. The closeness of the vote clearly reflects a growing momentum which I am confident will lead to the passage of legislation built around the principle of divestiture.

The enactment of such legislation will be an act of liberation, freeing American society from power which should never be vested in a single private interest, especially a commercial interest with control over a commodity we need in order to exist.

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## FIRST TRIDENT SUBMARINE KEEL LAYING

Mr. TAFT. Mr. President, on Saturday, April 10, I had the privilege of attending and speaking in Groton, Conn., at the keel laying of the first Trident submarine, the U.S.S. *Ohio*. I would like to express appreciation for the hospitality of the Electric Boat Division, General Dynamics Corp., on that occasion.

To all present and to the Nation it was an occasion of great moment. I therefore ask unanimous consent that the gracious remarks of Adm. H. G. Rickover, U.S. Navy, the most important backer of the program, be printed in the RECORD and that my address be printed following that of Admiral Rickover.

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

INTRODUCTION OF KATHARINE WHITTAKER TAFT

(By Adm. H. G. Rickover, U.S. Navy, on the occasion of the keel laying of the Nuclear Powered Ballistic Missile Submarine Ohio (SSBN 726) at the Electric Boat Division, General Dynamics Corporation, Groton, Conn., April 10, 1976)

It is my pleasure to introduce Mrs. Katharine Whittaker Taft, who will authenticate the keel for the *Ohio*.

She carries out the Taft family tradition of service to our country. William Howard Taft, Senator Taft's grandfather, was Solicitor General of the United States under President Benjamin Harrison. He was appointed head of the commission to organize civil government in the Philippine Islands and was named its first civil governor. He was appointed Secretary of War by President Theodore Roosevelt. Of interest to those here today is that he once took a cruise on the battleship *Ohio*. Elected to be our 27th President, he later became Chief Justice of the Supreme Court—the only person to hold both offices.

His son, Senator Robert A. Taft, father of the present Senator Taft, was a man of moral courage. He was often referred to as "Mr. Republican" and "Mr. Integrity." In 1946, concerned about the war crimes trials of the Axis leaders, he pleaded for justice at a time of intolerance and hostility. He said that the trials violated the fundamental principle of American law that, in accordance with the Constitution, a man cannot be tried under an ex post factor statute, and that our object should be to restore to the minds of men a devotion to equal justice under law. In 1957 the U.S. Senate chose him as one of the five outstanding Senators of all time.

Like his father, Senator Robert Taft, Jr. has been a distinguished member of Congress. He was elected to the House of Representatives in 1962 and to the Senate in 1970. He serves on the Senate Labor and Public Welfare and Armed Services Committees, as well as the Joint Economic Committee. During World War II, he served in the Navy and received the Navy Commendation Medal.

Katharine Taft was born in Cincinnati, Ohio. She was educated at Miss Doherty's Preparatory School in Cincinnati and Westover School in Middlebury, Connecticut, where she was an excellent student and President of the Athletic Association. She still plays a good game of tennis.

Mrs. Taft is active in volunteer work, dividing her time between Washington and Cincinnati. In Washington, she is a member of the Senate Ladies' Red Cross Group, the District of Columbia Special Education Program for Retarded Youth, and the International Neighbors Club which brings foreign and American women together. In Cincinnati, she works as a volunteer in the Cincinnati Public Schools, helping slow students learn basic reading skills.

It is my pleasure to introduce Katharine Taft who will authenticate the keel of the *Ohio*.

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REMARKS OF SENATOR ROBERT TAFT, JR.

It is a great honor for me to be here today with Secretary of the Navy Middendorf and Admiral Rickover to join in the laying of the keel of the *Ohio*, the first ship in what will be the *Ohio* class of strategic missile submarines. The importance of the step we are taking here today is very great. In every age, in every field of national endeavor, there come decisive moments. Laying the keel of the *Ohio* is a decisive moment for this age in the continuing struggle for peace and freedom. It is a paradox that peace rests upon the terrible power for war of the *Ohio* and her sisters. But it is one of history's great paradoxes, for upon it may depend the very life of this planet. There is, I believe, no man among us who does not wish that the security of this and every nation did not depend on a nuclear balance of terror. There is no one here who does not hope and pray that mankind will eventually be able to turn from preparation for war and threat of war to channels of peaceful intercourse among nations and peoples.

But neither is there anyone here who does not know that our most basic security, our very national life, depends on being prepared to deter nuclear war or blackmail. This is not the best of all possible worlds. We face the unfortunate but real possibility that another nation could, if it believed our defenses and counterstrike capability to be weak, seek to achieve its national goals through a nuclear attack on the United States. The twenty-five years of nuclear peace we have enjoyed has been achieved, not because the possibility of war has ever been absent, but because we have remained sufficiently strong to ensure the destruction of anyone who should seek to destroy us. Whatever our future hopes, we dare not let ourselves be deceived into believing that strength will not be needed in the future as it has been in the past. Deterrence must remain the foundation of our national security.

The threat we face is not a product of speculation. The Union of Soviet Socialist Republics is today engaged in a massive program of expansion of armaments. Unfortunately they are largely offensive in nature. Soviet intentions are unclear and capable of shift, and our legitimate concern with those intentions can only be increased when we see the Soviet Union straining every effort to devote greater resources to the power for war.

In strategic systems alone, the Soviet effort is staggering in its magnitude. Four new types of inter-continental ballistic missiles are now entering service in the Soviet Union. Massive efforts are underway to protect the Soviet population from the destructive effects of a nuclear conflict. Soviet defense literature reflects preparations for conflict, not deterrence. In strategic missile submarines, the Soviet *Delta* class, already in service, is in many ways comparable to this *Ohio* class.

In Naval affairs the Soviet actions are equally disturbing. The Soviet Union has, over the past decade, thrown down the gauntlet to the United States in one of the

greatest Naval challenges history has seen, a challenge comparable to that offered to Britain by the Kaiser's Germany in the early part of this century. The Soviet effort has been both conceptually innovative and lavish in its expenditure of National resources. Soviet technology has produced weapons systems of the best possible quality. The shipyards of the Soviet Union have produced submarines, cruisers, destroyers, and now aircraft carriers at a rapid rate—a rate all too often more rapid than ours. Today the Soviet navy is a well-designed, well-constructed and well-manned force with broad general capabilities. It is a force which may be more capable of carrying out its mission, of denying us free use of the seas than our forces are capable of assuring our own use of those seas.

The *Ohio* will be a great and important part of our response to the Soviet challenge. In laying the keel of the *Ohio*, we say to the Soviet Union that America will not stand idly by. We regret that the peoples of both our countries must sacrifice resources to the building of weapons of war. But it is not we who have made that choice. The only choice which has been given us is to meet the challenge the Soviet Union has offered, or to fail to meet it. And we will not fail to meet the challenge. The *Ohio* is a tribute to the ingenuity of the engineers who designed her, to the skill of the craftsmen who will build her, and to the personnel of the Navy who will serve aboard her. But most of all, the *Ohio* is a dedication to the determination of the American people to stay free.

I think it is important that at this solemn time we recognize those whose skill and effort make it possible for America to defend herself with the *Ohio*. America owes a debt of gratitude to the leadership of the Navy, to President Ford, to Defense Secretaries Rumsfeld and Schlesinger, to Secretary of the Navy Middendorf, and to Chief of Naval Operations, Admiral Holloway, for their determination that the strategic balance will be maintained. We owe our thanks to the many men and women of the Navy, and those in private industry, who have given their labor to the designing of this tremendously complex system. I am certain that the thought and work which these people have given to the Nation in the *Ohio* has not been and cannot be compensated for materially. We must recognize their efforts above and beyond the call of duty. The same is true for the men and women of this shipyard who will devote their many skills to the building of the *Ohio*, and, later, to those who will sail her. To all of these people we and all Americans owe a great deal.

From a personal standpoint, it is a great and deeply felt honor to be able to join with you and with all of those who have given and will give of themselves to this ship. It is also a great honor for the State of Ohio. The State of Ohio has given of her industry, of her land, and, when called, of the blood of her people to the building of this Nation. It is in deep recognition of those contributions that we now give the name *Ohio* to a ship upon which we will depend for the preservation of a free, strong, and peace-loving people.

## TORRIJOS CONTINUES TO ORCHESTRATE BLACKMAIL

Mr. THURMOND. Mr. President, since Brig. Gen. Omar Torrijos, the Panamanian dictator, met with Castro in Cuba, he has attempted to change his hard line stand. He has begun a clumsy campaign with subtle threats aimed at causing the United States to give away the Panama Canal. His theme now is to label this Nation as colonialist and threaten a confrontation to embarrass the people of the United States.

Senate Resolution 97 answers General Torrijos. Aside from the fact that the land within the Panama Canal Zone was purchased by the United States over 70 years ago, $6 billion invested by our Government since that time and sovereignty of the Panama Canal Zone resting in the United States, there are other key reasons why blackmail by Torrijos will fail. The Panama Canal Zone is not a far away land which has no effect on our security. The people of this Nation will not permit a dictator with Communist leanings to control the canal. Should he gain control, we cannot be sure that one day the canal would not be closed to U.S. shipping. It is ridiculous to give up our rights and put this Nation in the position of having to circle South America to go from the Atlantic to the Pacific and vice versa. With the Canal Zone within striking distance of the United States, it is foolish to place our security in the hands of another potential Castro.

A recent public opinion survey shows Americans stand 5 to 1 against surrender to the tin sabre rattling of Torrijos.

Mr. President, I ask unanimous consent that the following article which appeared in the Richmond Times-Dispatch on April 10, 1976, be printed in the RECORD.

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

RESOLVE DISPUTE BY 1977, PANAMANIAN WARNS

PANAMA CITY.—Brig. Gen. Omar Torrijos, Panama's chief executive, says serious trouble could erupt in the U.S. owned Panama Canal Zone if a new treaty is not reached by 1977 to turn the zone over to Panamanians.

He said he has an unwritten pact with Panamanian students and workers for prudence until the negotiations are either finished or break down.

"We are prepared for whatever solution," Torrijos said. "We have set 1977 as the goal. Patience has its limits."

He said current negotiations, which began in 1973, "have made substantial progress" but the U.S. presidential campaign has slowed them down.

REAGAN'S STAND

Republican challenger Ronald Reagan has made an issue of the canal, attacking what he says are Ford administration moves to give it up.

The State Department has described as "completely false" a Reagan charge over the canal zone that they will soon recognize Panamanian sovereignty.

The chief American negotiator, Ambassador Ellsworth Bunker, was quoted by the head of the U.S. House Merchant Marine and Fisheries Committee in Washington as saying Thursday that there is no prospect for completing of the negotiations in the immediate future.

His testimony was given in a closed session but Rep. Leonor K. Sullivan, D-Mo., told reporters afterward: "He said there's quite a bit to be done." Mrs. Sullivan expressed concern that a treaty will be negotiated without authorization from Congress.

Congressional concern over the Canal was expressed last summer when the House passed, by a wide margin, a measure attempting to cut off State Department funds that might be used in the negotiations.

A new round of U.S.-Panamanian talks is scheduled for later this month on replacing the 1903 treaty that gave the United States perpetual control over the Canal Zone.

Torrijos said Friday "When the American people realize the real situation, they will feel deeply ashamed. They are celebrating their bicentennial but they have a colony in Panama . . ."

Torrijos, who commands Panama's 7,000-man National Guard and has been the nation's leader since he overthrew President Arnulfo Arias, a civilian, on Oct. 11, 1968, has united Panamanians in a demand for a new treaty.

He said he was doing all that is possible to avoid violence by extremists who want the immediate withdrawal of the 40,000 American soldiers in the 500-square-mile Canal Zone.

"I don't want to kill any students," he said. "It would take just one student getting arrested or hurt by the foreign police in the zone. An incident would retard the negotiations, would erase all the kilometers we have come. So we tell them to be calm, and we try to avoid any incidents."

In 1964, Panamanian demonstrators entered the Canal Zone to protest the flying of the American flag there and in subsequent disorders 21 persons were killed. Most were Panamanians. The issue was settled when the United States agreed to fly the Panamanian flag along with the American flag.

Torrijos, while critical of some U.S. policies, said he is not anti-American.

"I admire the American people very much for their technology and their great sense of shame," he added. "But I am rabid against people who permit that colonial enclave. It is one thing to talk about colonialism. It is another thing to feel it."

Torrijos also reaffirmed his pledge to protect the labor rights of Americans who work in the zone after a new treaty.

"I am the first to admit that the canal is very efficient, one of the most efficient things in the world. We will need those people.

"But they don't believe me, he said."

## POLITICAL REPRESSION IN INDIA

Mr. HASKELL. Mr. President, in recent months we have become painfully aware of the growing political repression in India under the rule of Indira Gandhi. News reports from that country have been reduced to official pronouncements by the government and rumors of high numbers of political arrests continue.

Recently a good friend and professor of law at the University of Denver College of Law, Mr. Ved Nanda, traveled to India to visit family members. He has recorded his experiences in a story written for the Nation. I ask unanimous consent that the article be printed in the RECORD.

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

WHIP OF THE NEW RAJ

(By Ved P. Nanda)

Personal affairs required me to travel to India again last month. As an Indian national and professor of international law at the University of Denver Law School, I had tried to keep myself well informed about affairs in India. I knew from following American press reports that Indira Gandhi's government had imprisoned many political opponents, and I had several times publicly expressed dismay at the trend of events under the declared state of emergency. But little did I understand the extent to which the government was using repressive measures to stifle its opposition.

On arriving at the Delhi airport, I was detained for interrogation, although I carry an Indian passport and did not need a visa to enter the country. "What are you here for? Any political objective?" I was asked. "My mother has been ill. I came to see her."

I then told the interrogating official that as a law professor I had a Christmas holiday, which afforded me the time to travel to India. "Doesn't matter, we've detained professors of law under the emergency powers before." The official shrugged his shoulders and warned me that my activities would be closely watched.

During the next two weeks I had an uneasy feeling that at times I was being followed by intelligence officials. And when I was ready to leave India, I was faced with more bureaucratic hassles. "You don't have the necessary cholera inoculation. Your passport doesn't look authentic," I was told at the airport. I was relieved when I was finally permitted to board the plane.

What I saw and heard during my stay has made me realize that, in sharp contrast with the image which Indira Gandhi's government strives to project abroad, India, a showpiece of democracy for the first twenty-seven years of its independence, is fast becoming a repressive police state. The government has steadily tightened its grip on an already crippled and stifled press, which has buckled under harsh censorship laws. This accounts at least in part for the inadequate coverage of authoritarian measures now being employed by the government to silence both the political opposition and dissident elements within Mrs. Gandhi's ruling Congress Party.

Jagdish P. Mathur, secretary of the All India Jan Sangh, a major opposition political party, related to me several incidents of alleged police brutality in the treatment of political prisoners. I met with Mathur, an opposition leader sought by the police, who had up to that point escaped arrest and was very active in organizing the underground movement, to discuss these oppressive measures and the strategy of the opposition parties. Among the names of the victims Mathur gave me were those of many Delhi residents, some of whom had been released. A doctor, a lawyer, a university instructor, two student leaders and a businessman were those with whom I talked during the next few days to confirm Mathur's allegations.

They all told a similar story. The police applied crude means either to extract a confession to a nonexistent plot against Indira Gandhi or to seek information concerning the whereabouts and next moves of the organizers of the underground movement.

The devices for torture which are being used in police stations and jails in India are as varied as they are inhumane and revolting. The victims who talked with me related incidents where they or other political prisoners were hung upside down; were stripped naked and severely beaten with shoes, steel rods and gun butts; had burning candles applied to their bare soles, which were then punctured with nails; had chili powder smeared into their noses and other parts of their bodies; were kept awake while icy water was thrown on them on cold winter nights; were starved and even denied water; had rods tied to their necks, creating an intolerable strain on the spinal cord.

The doctor I met was not personally tortured. However, while he was in jail as a political prisoner, illegally detained on trumped-up charges, he had treated more than twenty prisoners who, he said, must have been "mercilessly beaten." The sole fault of the lawyer, arrested on the charge of being a "hooligan," was, he said, that he had appeared in court on behalf of a political prisoner. A member of the Indian Supreme Court Bar Association showed me a resolution adopted by that organization which condemned police atrocities and harassment of attorneys defending opposition members. The Bar Association noted that even the families and relatives of such attorneys were not spared police wrath.

From Delhi I took a train to see my mother, who lives in the state of Punjab in northwest India. There I met a recently released leader of the opposition, Madan Gopal, a prominent businessman in the small town of Malerkotla. He was charged with plotting the violent overthrow of Indira Gandhi's government.

"I never met the informant, Vikram Singh, who reportedly overheard the alleged conspiracy," he said. For more than three months Gopal was detained in jail without even a court hearing.

Upon my return to Delhi in the third week of December. I saw two anti-government demonstrations (*Satyagrahas*). These were part of a countrywide movement launched by the united opposition last November 14. In a typical *Satyagraha*, individual demonstrators (*Satyagrahis*)—ranging from four to fifty in number—shout slogans against Mrs. Gandhi's government and pass out anti-government literature in busy streets. The demonstrators usually wear garlands, people assemble around them and, since the time and place are announced in advance, the police promptly arrest the demonstrators.

Each *Satyagraha* I saw in Delhi had about forty active participants who courted arrest and attracted more than 5,000 spectators. The crowds, predominantly opposition sympathizers, repeatedly shouted slogans demanding an end to the state of emergency, release of political prisoners and the restoration of civil liberties. In one case, the police resorted to a mild *lathi* charge (swinging long wooden poles and clubbing onlookers) before arresting the *Satyagrahis*.

According to opposition sources (whose information is hard to verify), more than 40,000 persons have courted arrest in cities all over India. They claim that the number of political detainees and *Satyagrahis* has exceeded 100,000, certainly not a small number even in a country of 600 million people.

The media in the West have been reporting on the steady erosion of civil liberties in the aftermath of the now six-month-old "emergency." But the press here, dependent upon Indian sources for its news, has suffered from the same censorship which now curbs the Indian press. As a result, it has virtually ignored two important developments in India—the mistreatment and torture of some political prisoners, and the *Satyagraha*.

These are significant developments because, until recently, political prisoners could be assured of humane treatment. Even the Indian independence leader and the father of the civil disobedience movement, Mohandas Gandhi (no relation of Mrs. Gandhi) and Mrs. Gandhi's own father, Jawaharlal Nehru, were themselves never mistreated in jails under the British rule. The actions of the Indian police toward political prisoners fly in the face of Indira Gandhi's protestations that she is defending and protecting democracy while her opponents are bent on destroying it.

Despite its substantial efforts, I found the opposition disorganized and demoralized. Its leaders were shocked by the suddenness of the declaration of emergency, as well as by the severity of the government's silencing measures. That initial shock is now followed by an equally grim realization that the "emergency" will continue much longer than had earlier been anticipated and that elections scheduled to be held in March 1976 will be postponed for a year, and perhaps for a longer time. (According to *The New York Times* of February 4, they can be postponed a year at a time as long as the emergency is in effect.)

The opposition does not seem to have a definite plan for a follow-up action to the *Satyagraha*, which ended in January. However, those with whom I spoke seem to understand well the need for a united front. "Either we build a united opposition party, resolving our differences, or we sink separately," is how one opposition leader put it.

A blueprint has already been devised to merge several opposition parties. These parties—some of them on the right of the ruling Congress Party, others on the left—do not include Marxist parties which are split among several factions—the Moscow wing, the Peking faction and the Naxalites who stand even further to the left of those vowing allegiance to Peking.

Several opposition leaders are convinced that Mrs. Gandhi chose the totalitarian road at the urging of Russia. They kept reminding me of the large contingents of Soviet technical experts staying at the posh Intercontinental-Oberoi Hotel in New Delhi, who were "in fact counseling and advising her on the appropriate steps to lead India down the primrose path of 'guided democracy.'" This opposition charge, however, is largely unsubstantiated.

Mrs. Gandhi has in the past successfully used a foreign specter to rouse nationalist ire and sentiment. She has skillfully taken advantage of the CIA's involvement in Chile as a warning against possible foreign involvement in India's internal affairs. Similarly, she has occasionally invoked "potential threats" from China and Pakistan to externalize India's internal problems.

It is highly speculative to predict the course of events in India. For the time being, at least, democracy is in full retreat. Were elections to be held today, even the opposition leaders I met acknowledge that the ruling Congress Party would likely be a big winner. Among the many reasons for such an outcome would be: bumper agricultural crops in 1975 and a slowdown of inflation; general apathy of the rural masses, who comprise more than 75 per cent of the country's population; the strong-arm tactics of Mrs. Gandhi's government, which have frightened the electorate, and a general lack of faith in the ability of the opposition parties to work together.

Indira Gandhi still has a charismatic appeal to the illiterate masses (after all she is Nehru's daughter and her name is Gandhi) and a cult of personality has developed around her. Her son, Sanjay Gandhi, known as the *chhoti sarkar* (the mini-ruler) and reportedly being groomed by her to take over, is being merchandised aggressively both in political circles and in the media.

However, India's basic economic and social problems, especially those of land reform and explosive population growth, remain unsolved. And despite the government's propaganda that under the emergency people are more disciplined and productivity has increased, corruption is rampant and the masses are apathetic.

On reflection, the only healthy development for the Indian body politic I saw is the prospect of a unified opposition. Meanwhile, the diplomatic community in New Delhi and India's well-wishers at home and abroad are anxiously watching events, hoping that the current state of emergency is a temporary aberration, the end of which will once again herald the return of democracy in India.

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## DEFENSE AID FOR CHINA

Mr. TAFT. Mr. President, I would like to call my colleagues' attention to an article in the Washington Post of Monday, April 12, entitled, "U.S. Weighed Giving China Military Aid," which I will ask be printed at the close of these re-

marks. The article reports that former Secretary of Defense James R. Schlesinger stated the United States has considered military aid for the People's Republic of China, and that Mr. Schlesinger personally would not reject the idea of such aid "out of hand."

As my colleagues are aware, I have long advocated U.S. defense aid for the People's Republic of China. The policy of "evenhandedness" we now pursue toward the Soviet Union and the People's Republic bears little relationship either to the actual state of international affairs or to our own interests. The Soviet Union is the great expansionist power in today's world. The Soviets are actively pursuing a policy of hegemony in all quarters of the world. This policy is a direct challenge both to the legitimate interests of the United States and Western Europe and to world peace. It is also a challenge to the People's Republic of China.

China is today very active in combating the Soviet drive for hegemony. Peking is active in warning other nations of the intentions of the Soviets, and in providing useful material help to many nations so that they may free themselves from the domination of the Soviets. As an example of this, the People's Republic has recently provided to Egypt spare parts for that country's Soviet-built aircraft. Because Egypt has rejected Soviet neocolonialism the Soviets have cut off all spare parts for Egyptian aircraft. China, by supplying parts to Egypt, has tried to block Soviet domination in Egypt.

However, in terms of weaponry, there is little China can provide, for the reason that China is herself in need of advanced defensive weapons to thwart Soviet pressure. The Soviets have about 50 divisions of troops concentrated on the Soviet-Chinese frontier, which pose a constant threat to China. While China has a large land army, she lacks equipment for armored forces, an air force, and modern air defense. There are only seven armored divisions in the Chinese Army, and the Chinese Air Force has few modern aircraft.

It is in the the interests of the United States that China be sufficiently secure against direct Soviet military pressure so that China can continue to resist Soviet hegemonism. The United States should be willing to provide the defensive arms China needs to deflect Soviet blackmail. We should be prepared to sell China such defensive arms as F–5 and perhaps F–16 fighter aircraft, TOW missiles, HAWK antiaircraft missiles, and perhaps, eventually armored fighting vehicles.

If the Soviet drive for hegemony is to be stopped, all the nations which wish to resist the Soviet Union must work together. Western Europe, the United States, and China, working together, can stop the course of Soviet expansionism. It must be the highest priority goal of U.S. foreign policy to encourage effective cooperation among those who see the dangers of the Soviet push for hegemony. Defense sales to China would be a major step toward this goal.

Mr. President, I ask unanimous consent that the article, "U.S. Weighed Giving China Military Aid," be printed in full in the RECORD.

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

[From the Washington Post, Apr. 12, 1976]

U.S. WEIGHED GIVING CHINA MILITARY AID

(By Walter Pincus)

Former Defense Secretary James R. Schlesinger said yesterday that American officials have discussed in recent years giving military assistance to the People's Republic of China but "there was never a formal addressing of the issue" while he was in government.

Schlesinger added that depending on the circumstances surrounding such aid, "I would not reject it out of hand."

He argued that the United States supplies technological and economic aid to "a major foe," the Soviet Union, while denying the same to China, which he termed a "quasi-ally."

His disclosure of the military and discussion came in an appearance on "Face the Nation" (CBS, WTOP) in which he also termed relations with the Soviet Union as "very close" to the cold war status of the 1950s.

After the interview, Schlesinger disclosed that he had accepted an invitation to visit China this summer.

A high State Department official confirmed yesterday that military assistance to China has been "discussed . . . as we look at future options." But he emphasized that aid had not been "considered that specifically." He said the matter had come up when U.S. companies applied for permits to export certain restricted items to China.

"I'm not saying it will never be done," the official said, but suggested that any reversal of past U.S. policy would begin with sales of advanced technological equipment not directly related to military items rather than with a military assistance program.

The official said that U.S. policy "now is essentially evenhanded" in approving such sales to Soviet and Chinese buyers.

It might not appear that way, he said, because export control rules do not permit sales of items such as computers that would give the receiving country a sizable advance over its current technology level.

The official said that recently a U.S. company was turned down for an export license on "an extremely advanced computer" for China, but that a similar sale to the Soviets would also have been barred. "We would not favor one or the other," he said.

The official said that in weighing the option of sending China military assistance, the United States had to take into account the American defense treaty with Taiwan and the concern such assistance would evoke in South Korea and Japan, two other U.S. allies in the area.

He said another consideration was that such aid "could be provocative to the Soviets."

Balanced against those factors, the official listed the "pressure on the Russians" such a move would achieve, plus the "tilt toward the Chinese" and the "building of a better bilateral" relationship with them.

Observing that the Chinese are "not exactly allies, but rather ideological adversaries," the official said the advantages "don't yet add up, though over a long period of time they might."

In his television appearance, Schlesinger also made the following observations:

"I have heard very pessimistic statements" from Secretary of State Henry A. Kissinger, but "had not heard" him say that the "day of the United States is over."

That quotation about the United States, reported by former Chief of Naval Operations Elmo Zumwalt, has become a campaign issue between President Ford and his GOP challenger, Ronald Reagan. The former California governor used the quotation in his recent televised campaign speech, which was highly critical of Kissinger and the President. Kissinger has denied making the controversial statement.

We are in a down period" after Vietnam and Watergate but "we have turned the corner." Cuba, Schlesinger said, took advantage "of our desire to normalize relations" and "we should be prepared to counter (Cuban) moves in Africa or Latin America."

U.S.-Soviet relations are "very close" to the cold war status of the past as detente "has shrunk" for its beginning as "mutual reconciliation" to the "nuclear alert" at the time of the 1973 Mideast war.

"I would hope there would be a tempering of some of the passions of the cold war period and that we could continue to negotiate." But he added, "we should not indulge in unilateral disarmament or lags on the hope that the Soviets are prepared to respond."

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## THE B–1 BOMBER

Mr. LEAHY. Mr. President, several weeks ago I called for an extensive debate on the B–1 bomber. In that speech, I raised several issues that I feel must be discussed at length before we can make the determination that procurement of a B–1 bomber force, to cost at least $90 billion over the next 30 years, is essential to our national security.

Many of the questions I raised are addressed in an article written by Herbert Scoville, Jr., former Deputy Director for Research at the CIA, and Assistant Director of the Arms Control and Disarmament Agency for the Washington Star on April 11, 1976. Because of the need for an informed debate on the B–1, I strongly commend this article to the attention of my colleagues.

I ask unanimous consent that the article be printed in the RECORD.

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

[From the Washington Star, Apr. 11, 1976]

B–1 BOMBER: GUSSIED UP, BUT SO WHAT?

(By Herbert Scoville Jr.)

The B1, a new intercontinental strategic bomber for which the Air Force has been fighting for more than 10 years, reaches its moment of truth in 1976.

Almost $3 billion has been authorized to develop the B1 after the earlier B70 program was halted by Secretary McNamara in the early 1960s. Since the inception of the program, costs have skyrocketed and performance plunged, but it was argued that the proper time to stop it would be after development and evaluation tests were completed rather than in mid-stream. Now the decision on procurement is officially scheduled for November 1976, but the Congress is being asked to authorize in advance about $1 billion to start production. Secretary of Defense Donald Rumsfeld and senior Air Force officials are acting as if they had already made the decision without waiting until November for the completion of the evaluation tests which a recent GAO report indicates are running behind schedule.

The current official cost of the B1 is $88 million per plane if all the proposed 244 are procured. Thus the total program for the aircraft alone is already estimated to exceed $20 billion, and the price continues to rise daily. Furthermore, this does not include the costs for the armament, such as missiles, nor for a whole new fleet of tankers which would be required to make the force truly useful. A recent Brookings study, *Modernizing the*

*Strategic Bomber Force*, by Quanbeck and Wood, estimates that overall 10-year (FY '76–'85) expenditures for our strategic bomber force if the B1 were incorporated into it would reach a total of $91.5 billion. The B1 will be the most expensive weapons system ever built.

Why do we need the B1 and what are we getting for all these billions? The B1 is intended to be a replacement for the B–52 as the intercontinental bomber part of our strategic deterrent triad. Submarine-launched ballistic missiles are the primary element in our deterrent, but landbased ICBMs and intercontinental bombers provide a back-up in the event of some unforeseen threat to our submarines. Both the Minuteman ICBMs and the bombers on the ground are potentially vulnerable, but together they are secure since there is no scenario by which both can be knocked out in a surprise attack.

Bombers have the advantage of being able to fly away from their bases without waiting for the final decision to launch an attack. Since, unlike missiles, they can be recalled at any time until they reach Soviet borders. On the other hand, the bombs they deliver will be arriving hours after much of both countries will have been turned to rubble by missile warheads. In fact, one of the uncertainties about the B1 is whether it can fly through the debris clouds that are an inevitable aftermath of nuclear explosions.

The B1 is planned to be the replacement for the B52, but Secretary Rumsfeld admits this year that the strategic use of B52s equipped with long-range air-to-surface missiles would be an appropriate mission "through the 1980s and 1990s." Thus, there is no urgency in procuring a next-generation bomber.

In fact, premature procurement of the B1 could mean that both systems will be wearing out almost concurrently since the life of a new supersonic plane is likely to be much shorter than the extremely durable B52. We should take advantage of this breathing spell to design the best follow-on aircraft system that could be procured in the 1990s if at that time one still appeared necessary.

The one characteristic driving up the cost of the B1 more than any other is its supersonic flight capability. Although originally planned to be supersonic at all altitudes, the B1 is now designed to fly supersonically (Mach 1.6 instead of the originally planned 2.2) only at high altitudes and subsonically (450 mph) at low altitudes.

Because of the great effectiveness of current Soviet air defenses at medium and high altitudes, our operational plans have long called for the penetration of Soviet air space only close to the ground, thus precluding supersonic speeds over the Soviet Union. Moreover, supersonic flight uses up so much fuel that it drastically curtails the B1 range and prevents supersonic speeds for any significant portion of a mission unless tankers are available for multiple aerial refueling. Basically, the B1 is a subsonic bomber with a short supersonic dash capability at high altitudes. Since planes at high altitudes are vulnerable to Soviet defenses at any speed, this supersonic dash will only be practical outside the Soviet Union where it is not needed.

Thus, the expensive, high-performance characteristic of supersonic speed is largely wasted since it can almost never be used on any mission. Furthermore, if the plane is to fly supersonically the engines cannot be designed optimally for subsonic flight, so the supersonic capability degrades the plane's performance under conditions normally used in operations. Military effectiveness has been sacrificed to the desire by the Air Force to fly faster and to the challenge for aircraft designers of building a supersonic plane. The U.S. taxpayer must pick up the tab for the billions of dollars these whims cost.

The B1 supersonic capability, if it is ever used, not only costs dollars but creates serious environmental hazards. A study by the Environmental Action Foundation, "Boom and Bust, the B1 Bomber and the Environment," has calculated that when B1 bombers fly in the stratosphere at supersonic speeds, they will release prodigious quantities of pollutants, such as oxides of nitrogen, threatening the same ozone depletion that has caused such concern with its civil cousins, the SST and aerosol dispensers. Its supersonic boom would force it to fly on training missions only over uninhabited areas to avoid intolerable effects in population centers. In its life span of 25 years, billions of gallons of fuel will be consumed by a B1 fleet, hardly a pleasant outlook in an era when energy will be increasingly limited.

Reference has already been made to the limited range of the B1 when flown supersonically at high altitudes. However, even when flown subsonically all the way, the B1 only has an operational range of about 6,100 miles, so that refueling tankers are required for most missions. A B1 could not, without refueling, fly even subsonically with a full payload from the United States to the Soviet Union, penetrate Soviet defenses at low altitudes, and get back to European bases. The plane cannot loiter, awaiting a decision to attack, but must fly directy to its assigned targets, thus reducing a key advantage of bombers over missiles. The B52, while far from having ideal endurance, has been flown 12,500 miles without refueling.

Thus, after having spent billions we will end up with a plane which will be little if any better than our current B52 for the types of missions that will normally be flown.

Despite extensive Soviet air defenses, our bombers are still believed able to reach targets in the interior of the USSR as long as they stay near the ground. However, Rumsfeld predicts that we can expect the Soviet Union to develop and eventually deploy interceptors with a look-down, shoot-down capability for destroying low-flying aircraft; thus all planes, even the B1s, will be vulnerable unless they are equipped with long-range air-to-surface missiles to saturate area defenses and avoid the need for penetrating Soviet air space. This factor would argue strongly that any follow-on to the B52 should be optimized for a stand-off mission rather than for penetration. In the meantime the B52s should be adapted for stand-off missions by equipping them with long-range air-to-surface missiles.

Another important factor leading to the high cost of the B1 is the ability to get the planes into the air and away from the field rapidly. Because of the vulnerability of bombers on the ground to destruction by a nuclear explosion, it is important that a portion of our strategic bomber force be kept on alert so that planes can take off on warning of an attack and before the incoming missile warhead arrives at the airfield. Although the increased weight of the B1 over the original design criterion has lengthened its take-off distance, the B1 is still able to get off the ground and out of range faster than the current B52s. However, a recent detailed analysis of its survivability in the monograph by Quanbeck and Wood shows that this advantage is marginal. If depressed trajectory ballistic missiles or long-range cruise missiles can be launched from Soviet submarines, capabilities the Soviets have not yet shown any evidence of developing, then all types of planes including the B1 are vulnerable to a surprise attack; if they cannot, all types can be satisfactorily protected.

Furthermore, if a refueling tanker is needed for the B1 to complete its mission, as it is in most cases, then the vulnerability of the tanker will be controlling rather than that of the B1 itself. Only airborne alert, which is not practical for a plane with the short endurance of the B1, will provide complete protection against such a surprise attack, which is admittedly not very likely.

Even if we were prepared to pay the high cost, it is becoming increasingly apparent that the B1 is not what is needed for our security. The Brookings study, after analyzing all the factors involved, comes to the conclusion that when the B52s must be replaced, it would be far better to have a stand-off bomber—i.e., a plane which can launch its missiles from outside the Soviet Union rather than one which has to penetrate its air defenses. Such a plane could have a long endurance so that it would take off on any type of alert, thereby decreasing its potential vulnerability to surprise attack. Unlike the B1, which would have to fly directly to its targets or run out of fuel, a plane designed for stand-off delivery could loiter and stay airborne for long periods of time and only be ordered to approach Soviet borders and launch its missiles after a full evaluation of the situation had been made. It would not waste money on supersonic and other high-performance capabilities which would never be used. It would be far more effective and flexible than a force of B1s supported by tankers; in fact, the tankers themselves or some similar cargo aircraft could actually be used to carry the long-range missiles, thus avoiding the need for any true bomber aircraft.

One of the strongest pressures for proceeding with such weapons programs as the B1 is the jobs that the program will produce in this time of high unemployment. However, the thesis that we must continue military expenditures to keep people employed is a sad delusion fostered by the military-industrial complex. Economic studies have again and again shown that dollars spent on defense employ fewer people than dollars on other types of federal spending programs. For example, using the analytical procedures developed by Roger Bezdek, economist and manpower expert, in his book, Long Range Forecasting of Manpower Requirements: Theory and Application, it can be shown that $1 billion for B1 procurement will provide about 59,000 jobs; a similar sum for miscellaneous transport construction will employ 81,000 persons; and for public housing 85,000. Furthermore, a major problem with weapons production jobs is that they create a demand for consumer goods without providing an offsetting supply, thus fueling inflation.

The administration, Congress and labor have got to realize that the shortsighted policy of allocating 70 percent of the federal controllable funds, year after year, to national defense is a major contributory cause of our current financial difficulties. Studies show that 44 of our states have paid out more in taxes to support the B1 than they have received back in contracts or subcontracts for the program. For example, it has cost the state of New York, which can ill afford it, $198 million while returning $38 million.

Finally, this is not an area where we need to be stampeded into unnecessary weapons procurement in order to maintain equivalence with the Russians. The American intercontinental bomber force is superior in every way to the Russian one and will remain so indefinitely. The USSR has only about 150 old bombers far inferior to our 500 B52s and FB111s. The new Backfire, which is just beginning to be deployed, is not designed to be an intercontinental bomber. Although supersonic, it can't reach the United States even on a one-way mission if it flies at such speeds. Unrefueled, it can only fly subsonically at high altitudes to reach the United States on one-way missions. If refueled, a capability which the Soviets have largely ignored, it could reach the United States and return only if staged from Arctic bases and flown subsonically at high altitudes.

The debate on the B1 procurement, which began in Congress last week, will be the successor to the ABM and the Trident, both of which passed only by close votes in the Senate. After expenditure of more than $7 billion, ABM deployment has been phased out because it was possible to get the Russians to forego missile defense in the Moscow ABM Treaty of 1972 and because it became almost universally recognized that the Safeguard IBM was ineffective. The Trident program goes on with the cost rising to more than $18 billion for 10 submarines and the administration planning now to buy more than 10.

If the decision is made to go ahead with the B1 this year, then it may never be possible again to stop this program and avoid this colossal drain on the taxpayers' pockets. It will always be argued that we have sunk so much into the program that we cannot afford not to go ahead. It will also be said that buying a smaller number of planes will not significantly reduce the over-all expense.

Although the administration claims it will not make its own decision until November, it is asking Congress to endorse an advance check now. Officials undoubtedly estimate it will be more difficult to stop the program in the midst of the election campaign than it would be a year later. The lobbyists, pro and con the B1, are out in full force. Those that have fought rising defense budgets and are satisfied with nuclear sufficiency believe that unless the B1 is halted, there will be no stopping mammoth additional increased expenditures for the military in future years.

On the day before the House vote last week (the vote went against deferring funding for B1 production), the Air Force by happy coincidence flew the B1 at its fastest supersonic speed to date, and the wide press coverage conveniently ignored the fact that these supersonic speeds will never be usable in any combat mission.

Congressmen, in making the multi-billion-dollar decision, must look beyond all the smoky rhetoric that the Russians are outspending us and that the United States is becoming a second-rate power, and remember that:

(1) The strategic bomber is only a backup in the event of completely unforeseen vulnerabilities developing in our submarine-launched ballistic missile force.

(2) Its costly supersonic capability will almost never be used in any operational mission.

(3) It will be a major contributor to atmospheric pollution and an avid guzzler of increasingly scarce fuel.

(4) The Russian strategic bomber force is far inferior to our present B52s so the B1 is not needed to maintain equivalence with the Soviet Union.

(5) There is no urgency in procuring a new bomber since the B52s will continue to operate satisfactorily in the 1990s.

(6) The expenditures for the B1 system, which during its lifetime could reach $100 billion, will produce both a net decrease in employment and an inflationary stimulus.

(7) A stand-off aircraft equipped with long-range missiles is a more militarily effective system than the B1, if and when a follow-on to the B52 is found necessary.

The B1 is a costly, wrong answer at the wrong time to our real security needs.

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## DEPUTY ATTORNEY GENERAL TYLER DISCUSSES SENTENCING REFORM

Mr. HRUSKA. Mr. President, on Friday of last week, the distinguished Deputy Attorney General of the United States, the Honorable Harold R. Tyler, Jr., was the principal speaker at the annual Law Day luncheon of the Creighton University Law School in Omaha.

It was my privilege, as a Creighton alumnus, to introduce Judge Tyler to an enthusiastic audience.

The subject of the Deputy Attorney General's remarks was "Reform in Federal Sentencing Practices."

It was a thoughtful and scholarly approach to one of the most difficult and persistent problems confronting this country's criminal justice system. As a former member of the Federal bench, Mr. Tyler brings to this subject the balanced view of one who has had firsthand knowledge with a difficult and complex issue.

Swift and certain punishment is acknowledged by virtually everyone as a major deterrent to crime. Yet the sentencing practices of our Federal courts are so varied and so diverse, even within the same court, that the certainty of punishment is unfulfilled.

The result has been a growing dissatisfaction, approaching cynicism, by the public.

Judge Tyler on Friday outlined the considerations involved in the establishment of mandatory minimum sentences as a way of removing the inequality of sentencing, the establishment of a Federal Sentencing Commission, and the abolition of the Federal parole system.

Because crime and this Nation's efforts to combat it remain critical issues, I recommend Judge Tyler's incisive remarks to my colleagues and ask unanimous consent that they be printed in the RECORD.

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

REFORM IN FEDERAL SENTENCING PRACTICES

(By Deputy Attorney General Harold H. Tyler, Jr.)

Today I would like to discuss with you a subject that has been of great interest to me both as a Federal judge and as Deputy Attorney General—the problems of irrationality and uncertainty in current Federal sentencing practices, and some proposals being discussed in the Justice Department to answer those problems through the creation of a Federal Sentencing Commission and the abolition of parole.

We in the Department of Justice share the concern of many people in the criminal justice field about the frequent disparities in the punishment of similar offenders, due to wide variations in sentences meted out compounded by variations in time served because of parole vagaries.

As you are aware, under present law the sentence to be imposed in a particular case is left largely, if not entirely, to the discretion of the judge. He is free to impose any sentence from one day's probation to the maximum imprisonment and fine authorized by Congress. He may have no idea of what sentence, in this wide statutory range, his fellow judges have tended to give for an offense of a given sort. And even if he is aware of this sentencing norm, his own strict or lenient sentencing philosophy may call for a very different sentence, even for a similar offender committing a similar offense. That the result has been serious variations in sentences has been established beyond cavil, at least for the second circuit, in its sentencing study of two years ago. Some sentences are unduly lenient, some are unduly severe, yet neither the defendant nor the government may appeal to an appellate court to have a sentence changed to a more appropriate one.

President Ford addressed some of these sentencing problems in his Yale Law School speech about a year ago and shortly thereafter in a crime message, wherein inter alia he proposed a system of mandatory minimum sentences for persons convicted of a certain few types of serious crimes.

In such cases, the President's proposal would rule out the possibility of parole but permit a judge to impose less than the mandatory minimum sentence if he made a finding in writing that certain extenuating circumstances existed. For example, the judge might find that the offender was under physical duress when he committed the crime or that he was a peripheral participant in a crime more directly committed by others. The President's proposal would not require the imposition of long sentences, but surely it would increase the degree of certainty that offenders convicted of these few specified crimes would serve some time in jail.

If we believe, and I think we do, that certainty of punishment is an important deterrent to some crimes, then proposals for mandatory minimum sentences for those crimes have some plausible validity. Moreover, mandatory minima in theory can help remove inequality of sentencing, at least with respect to the crimes with which they deal. As a former nisi prius judge in the Federal system, I am well aware of some of the problems that mandatory minimum sentences can create for the sentencing process. The situation that arose from our narcotics sentencing practices of a few years ago well illustrates this point. Nevertheless, the serious problems found in the present Federal sentencing system demand that we consider alternatives which would bring more certainty and equality to sentencing.

The Justice Department proposals to which I referred earlier—the creation of a Federal sentencing commission and the abolition of the Federal Parole System—in large part build upon the President's remarks and seek the same goals of certainty and equality. These ideas are not unique to the Justice Department. Senator Kennedy, for example, already has a bill which would create a sentencing commission for the Federal courts. In addition, the second circuit is working on setting up its own such commission. As for the abolition of parole, a number of scholars and writers in the correctional field have discussed this concept. But for purposes of discussion now and in the immediate future, let me offer the particular proposals which we are considering in the Department and to which your reaction, pro or con, would be useful.

According to current thinking, a Federal Sentencing Commission could be established by act of Congress to draw up guidelines indicating a narrow range of sentences considered appropriate for persons who commit various crimes under various specific circumstances.

On the basis of research conducted by the sentencing Commission and its staff, the Commission would prepare detailed lists of characteristics of defendants and of characteristics of the offenses in question. The offender list presumably would classify the offender according to age, education, prior criminal record, family stiuation, and other pertinent, individual characteristics. The offense list would classify a specific offense according to the number of victims, the seriousness of the injuries which resulted, the community view of the offense, pertinent aggravating and mitigating factors, and the like. The guidelines would then indicate a realtively narrow sentencing range for a particular category of offender committing a particular category of offense.

Thereafter, prior to imposing sentence in a

given case, the district court judge would ascertain the category into which the offender before him fit most closely, and the category into which the offense fit most pertinently, in order to determine what kind of a sentence to impose. To illustrate, let us assume that a first offender, in his early twenties with a wife and child to support, committed an unarmed robbery in which no personal injury was threatened. The category for such an offender committing such an offense might specify a sentencing range of, let us say, one to one and one-half years of imprisonment. On the other hand, a repeating offender, in his late thirties with a poor employment record, who committed robbery at knife point, would present a different problem. His offender/offense category might specify a sentence of perhaps five years imprisonment.

In each of these assumed cases, the judge would be expected ordinarily to sentence the offender within the range set forth in the Commission's guidelines. The court could only impose sentence above or below the suggested range if he found good reason for so doing. In that event, he would be obliged to state that reason or reasons with some specificity on the record or in writing. Should the sentence imposed be within the guidelines, it would be considered presumptively appropriate and not be subject to appellate review. If the sentence were above the guideline range, it could be appealed by the offender. If it were below that range, it could be appealed by the prosecution.

Our research to date suggests that it is clearly feasible to have such a sentencing commission, at least for the Federal criminal justice system. And, assuming that it is adopted in the Federal arena, the commission might well serve as a model for State and local sentencing reform.

Of course, among the commission's sentencing guidelines would be imprisonment guidelines for certain cases. In effect, therefore, something close to the mandatory minima concept favored by the President, Senator Kennedy and others would be built into the system. However, I would urge that it is more important to view the sentencing commission as serving two broad and highly salutary public goals:

1. The guidelines would increase the certainty of punishment for categories of offenders and Federal offenses.

2. The guidelines would eliminate the irrational disparity which many, including myself, believe exists in the present Federal criminal justice system.

Turning to the second proposal, that of abolition of the Federal parole system, I recognize preliminarily that since Congress has just passed, and the President has just signed, the Parole Act of 1976, the political likelihood of abolishing parole in the near future is relatively slight. Nonetheless, this step is well worth considering for a host of reasons, only a few of which I can properly develop here without taxing your patience and graciousness in having me with you. As most of you know, a defendant who is sentenced to a term of imprisonment by a Federal court ordinarily may expect to serve approximately one-third of that term. In other words, under existing law the judge in imposing sentence is really only fixing the maximum period of time which the offender can possibly serve, not that which he is likely to serve.

As you may also be aware, our Federal parole system is thought to serve two basic purposes. First, the parole function may serve to mitigate unfair disparities in sentencing by releasing an offender before his entire sentence has been served. I would note, however, that the parole board cannot extend a sentence that is thought to be irrationally lenient. Second, the Federal parole system endeavors to monitor an offender's progress while in prison—i.e., it in effect is asked to study and determine when the offender somehow has been rehabilitated, at least to the point where he may be released with some hope that he can live a normal life within the community.

Dealing first with the stated purpose of helping to eliminate unfair disparities, I submit that the proposed federal sentencing commission, if properly designed, could serve this purpose better and more completely. In its guidelines, the sentence commission could specify a given term of imprisonment, to be followed by a given period of probation which the offender would serve under the stewardship of the United States probation office. In that way, there would be immediate certainty, not only for the public, but also for the offender. Surely our experience with indeterminate sentences has made us well aware that one of the greatest breeders of discontent in the prisons and prolonged litigation in the courts is the uncertainty created by the present interaction of sentencing and parole.

The second avowed purpose of the present parole system is based on the traditional notion of prison rehabilitation and the assumption that correctional authorities and institutions can predict the future behavior of offenders. This audience hardly needs to be told of the disrepute into which this theory has fallen within the ranks of academia, the judiciary, and corrections experts. In fact, most scholars in the field of corrections now seem to agree that true rehabilitation is more likely to occur if an early release from prison does not depend upon it.

When parole is tied to rehabilitation, two problems occur. First, participation in rehabilitative and educational programs is often not truly voluntary; indeed, such participation is frequently not taken in good faith. Second, offenders don't know what they should do in order to secure favorable treatment by the parole board. Almost every offender tends to view parole as only a second game of chance, the first one being the sentencing by the judge. In any case, the behavioral and medical sciences are not sufficiently advanced to enable correctional experts to predict an inmate's future behavior.

Beyond all this, I am personally convinced that there has long been a form of deception, doubtless unwitting in the initial stages, involved in the Federal Criminal Justice System of Sentencing and Parole. As all of us in this room know, the system makes it appear to the public that long sentences are to be served, whereas in fact, the judges, the lawyers, and the offenders have no such expectation. Later, when the public learns in notorious cases that complete sentences have by no means been served, many citizens are puzzled, if not distressed. If I had a dollar for every time I was told, by not only lay friends but even many lawyer friends, of their shock to learn that a notorious offender was released after only two years of a five-year sentence, I would be a wealthy man. Abolition of parole, thus, might serve the desired end of Candor, since the sentence an offender receives is the sentence he would serve, minus a small amount for good time. In a related respect, abolition would serve the interests of deterrence, simply because the message conveyed by a firm sentence would surely be unambiguous to potential offenders, as compared to the present system. Implicit in what I have already said, but worthy of emphasis, is the proposition that if parole is abolished, every offender would be required to serve virtually all of the sentence imposed. As stated, however, the new system might allow a possible reduction of a relatively small and predetermined portion of the sentence, perhaps no more than one-tenth thereof, for good behavior, as a necessary concession to encourage reasonable prison discipline. Perhaps more important, it would be wise and necessary to reduce prison term maxima, not only to achieve elemental fairness but also to ensure that prison populations do not increase beyond reasonable levels.

In addition to eliminating the complexities of the current parole system and the seemingly endless opportunities for litigation in the Federal courts, abolition would have another collateral benefit. By eliminating uncertainty concerning an offender's release date, not only would a major cause of prisoner complaints under 42 U.S.C. § 1983 be removed, but also the increased apparent fairness in setting release dates might reduce a cause of considerable offender bitterness—a feeling which hampers preparation for reentry into society. After all, if there were fewer instances for real or imagined injustice to focus a prisoner's attention upon relitigating the propriety of his incarceration, he might think more about planning his future than challenging his past.

In conclusion, I would note my recognition that judges, among others, may be at least initially opposed to the sentencing commission idea. I understand their reasons for this assumed opposition. For many years, as a judge with a particular interest in sentencing, I vainly thought that I prepared and worked at this most difficult task with a continuity of education and effort which made me a modest expert. Hence, though I might have claimed otherwise at the time, I probably was not too anxious to have outsiders tell me how to impose sentences. Parenthetically, this sense of total judicial independence is probably one reason why the so-called "collegial" sentence model, used in the Detroit and Brooklyn Federal Courts, has never obtained much acceptance elsewhere. I recognize also that some prosecutors and defense lawyers will not particularly like the idea of a sentencing commission. But, I believe that the opposition will not last long, based on my familiarity with developments in the second circuit and elsewhere. The interests of candor and fairness in our criminal justice system, as well as an improved deterrent to criminal behavior from more predictable sentencing, outweigh any of these concerns that those of us used to the old way of doing things might at first express.

I hope, therefore, that we can seriously explore these ideas with a view to making lasting improvements in our criminal justice system. Our bicentennial celebration is a fitting context within which to consider fresh initiatives against one of our oldest and most insoluble problems.

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## TRAINING OF EGYPTIAN PERSONNEL AND THE SALE OF C-130 TRANSPORTS

Mr. CASE. A satisfactory agreement has been worked out with the administration on the training of Egyptian military personnel and the proposed sale of six C-130 aircraft to Egypt.

The Presidential determination of March 25 not only dealt with the proposed sale of C-130 military transport planes to Egypt but also opened the door to a potentially wide-ranging training program for Egyptian military officers.

I was concerned that the loophole might be used to allow the training of Egyptian personnel in U.S. military strategy and tactics and, even more important, in weapons systems which Congress had not approved for sale to Egypt.

I requested written assurances on this matter.

The Senate Foreign Relations Subcommittee on Foreign Assistance has now received a letter from the State De-

partment containing assurances that the Presidential determination will not be used as a blank check.

In referring to the training of the 20 Egyptian officers who will be sent to the United States in addition to the crews for the C-130's, the State Department letter said:

The policy of this Administration is that such training is expected to be quite limited and will be conducted at service schools where many other foreign officers including other Arab officers are already enrolled.

The letter added—

This type of training does not involve the divulgence of classified information concerning U.S. combat tactics and strategy nor would it include training in the use of sophisticated military equipment. We would envisage giving such training to about 20 Egyptian officers this year.

This letter is a welcome and necessary supplement to Secretary of State Kissinger's testimony to our subcommittee that no additional sales to Egypt are planned this year.

Therefore, I will not press my resolution to disapprove the sale of the six C-130's.

In making this decision, I also take into account the Secretary's assurance that this sale will not be considered a precedent for Congress. This assurance is important because of the testimony by Under Secretary of State Joseph Sisco to a House of Representatives International Relations Subcommittee last week that Egypt probably will seek additional military equipment sales next year.

I still believe we should not supply lethal military weapons to Egypt. It would be folly to add to the momentum of the arms race in the Middle East.

I ask unanimous consent to have printed in the RECORD, first, a letter from the State Department; second, several recent newspaper articles which indicate the likelihood that Egypt will make requests in the future for additional military aid and, third, some pertinent quotations by individuals selected from statements and press articles.

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

DEPARTMENT OF STATE,
*Washington, D.C., April 8, 1976.*

Hon. HUBERT H. HUMPHREY,
*Chairman, Subcommittee on Foreign Assistance and Economic Policy, Committee on Foreign Relations, U.S. Senate.*

DEAR MR. CHAIRMAN: During Secretary Kissinger's appearance before your Subcommittee on April 2 concerning the sale of six C-130 aircraft to Egypt, Senator Percy asked if the sale is approved whether U.S. military personnel would be sent to Egypt to train Egyptians on the C-130s and whether this would involve a U.S. military delegation going to Egypt. The Secretary promised to provide that information to the Subcommittee and I am hereby providing a response.

The concept for training of Egyptian pilots and air crews, ground crews, and maintenance personnel has not yet been determined since there has been no detailed discussion with Egyptian officials. Although it might be more efficient to conduct all training in the United States, training could be conducted in either location by either Air Force or contractor personnel or by a combination of Air Force and contractor personnel. These details will be determined subsequent to receipt of additional information from the Egyptians and after a thorough review of the alternatives. In any event, it is not envisioned that significant numbers of USAF personnel will be required to conduct or supervise training in Egypt.

I would also like to take this opportunity to clarify an apparent misunderstanding in some of Senator Case's comments during the hearing. The only training covered by the Notice of Proposed Issuance of Letter of Offer transmitted to the Committee is the training needed to operate and maintain the C-130 aircraft; this training is estimated to cost about $2.9 million, though that figure could vary depending on where the training is done.

Any other training authorized by the Presidential Determination of March 25 would be paid for separately by the Government of Egypt. The policy of this Administration is that such training is expected to be quite limited and will be conducted at service schools where many other foreign officers including other Arab officers are already enrolled. This training will cost a mere fraction of the $25 million mentioned by Senator Case. This type of training does not involve the divulgence of classified information concerning U.S. combat tactics and strategy nor would it include training in the use of sophisticated military equipment. We would envisage giving such training to about 20 Egyptian officers this year.

I hope this information is useful to the Committee. Please let me know if I can be of further assistance.

Sincerely yours,
ROBERT H. MCCLOSKEY,
*Assistant Secretary for Congressional Relations.*

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[From the New York Times, Apr. 9, 1976]

SADAT AFFIRMS THAT HE WANTS WEAPONS FROM U.S.

(By Alvin Shuster)

ROME, April 8.—President Anwar el-Sadat of Egypt said today that he would like to obtain more arms from the United States beyond the six transport planes that Washington has already agreed to sell them.

At a news conference here, Mr. Sadat took a calm view of suggestions from American officials that for the present he could expect only the six C-130 military aircraft. He said Egypt would clearly "welcome" more arms from the United States but "if it was not possible, O.K., that's fine, we'll get what we want from other countries."

The United States decision to sell the planes to Egypt represented the first step in ending a 20-year embargo on weapons to the country and followed Mr. Sadat's decision last month to abrogate Cairo's Treaty of Friendship and Cooperation with the Soviet Union. The sale stirred a controversy in the United States among members of Congress and the Jewish community. The Ford Administration suggested that nothing beyond the aircraft was under consideration now.

Mr. Sadat, who concluded a four-day visit to Italy with a visit to Pope Paul VI, said that Egypt regarded itself as independent of all "superpowers." And he took the opportunity to denounce the Soviet Union once again for not replacing Egyptian arms lost in the 1973 war with Israel.

Still, he said, he has managed to bring Egypt back to "full power" following the war and said if the reports were true that Israel now had atomic weapons "we shall not be scared at all."

"We shall not be the first to introduce atomic weapons into the area," he said, without making it clear whether Egypt had such weapons. "But if Israel introduces them she has to take the consequences."

Mr. Sadat, who now travels to Yugoslavia and Austria, stressed that he was clearly trying to obtain more arms from all available sources.

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[From the Washington Post, March 26, 1976]

SADAT TO ASK UNITED STATES FOR JETS AND MISSILES

(By Don Oberdorfer)

CAIRO, March 26.—President Anwar Sadat said today he will ask the United States to provide Egypt with jet fighter planes, antitank missiles and other weapons after the collapse of the nation's long-standing military relationship with the Soviet Union.

"I think I have the right now to ask for defensive weapons. When they asked me in the states I said I didn't have a shopping list. I can now said that I am in need, at least for defensive weapons," said Sadat in an interview at his presidential residence on the banks of the Nile.

Sadat called the U.S. proposal to sell Egypt six C-130 transport planes—submitted to Congress by the Ford administration amid objections from Israel—"a very small thing." But he made clear that the evolving relationship with the United States, symbolized by the first proposed military sale in two decades, is of prime importance to Egypt.

The Egyptian president, who announced abrogation of the Soviet-Egyptian friendship treaty in a speech 12 days ago, accused the Soviets of putting "a vicious squeeze" on him militarily and economically. He said the decision to abrogate the treaty, like his 1972 decision to send home Soviet military advisors and antiaircraft personnel, was "a pure Egyptian decision," made without consulting the United States.

Sadat confirmed rumors that the Soviets have been asked to leave the port of Alexandria, the last remaining naval support facility open to them on Egypt's Mediterranean coast. He said the Soviets would have to be out by April 14—one month after he announced his decision on the treaty.

While Sadat spoke, a U.S. guided-missile destroyer, the U.S.S. Dahlgren, was making a rare and symbolic port call on the port of Alexandria.

The Soviet Union has been the predominant outside power in Egypt for more than 20 years, providing almost all the equipment and arms for the Egyptian armed forces as well as large amounts of economic aid and an important commercial market. The United States had no diplomatic relations with Egypt from 1967 to early 1974, but since then has begun close diplomatic cooperation in efforts to solve the Arab-Israeli dispute. The United States has undertaken an economic aid program of about $1 billion to show support for Sadat's policies.

Calling this "a historical moment" in Egypt's relations with the great powers, Sadat traced in some detail his version of Soviet unresponsiveness to his military and economic requests. He described Egypt as caught in an untenable position without substantial military supplies, spare parts or overhaul for major weapons while the United States continues to arm Israel heavily and Soviet weapons continue to pour into Syria, a growing Arab political rival to Egypt.

Sadat is due to leave Monday for a two-week trip to France, West Germany, Italy, Yugoslavia and other European countries that he has approached in attempts to purchase arms to substitute for Soviet weapons. He repeated today that without replacement parts, his armed force would be "scrap" in about 18 months.

[In Paris, Egyptian War Minister Mohammed Gamassi said after a talk with French President Valery Giscard d'Estaing that France had agreed to sell more arms to Cairo and help build arms factories in Egypt, news agencies reported.]

While he has made no secret of his desire for a military supply relationship with the

United States, Sadat has formally lodged no request beyond the controversial C-130s.

He said he was making public his needs in order to explain his situation to the U.S. public and Congress.

Specifically, he said he is requesting F-5E jet fighter planes, which he described as "very moderate . . . not sophisticated" and which he said have been supplied to Iran, Saudi Arabia and Jordan. He also said he is requesting TOW anti-tank missiles as well as some communications and naval gear. The weapons are needed before the end of the year, he said.

Asked how he can assure that the arms will be only defensive as he maintains, he responded by citing, "my attitude toward peace, the steps I have already taken and the validity of my word."

[A State Department spokesman in Washington said Sadat had informally indicated his interest in the jet fighters, anti-tank missiles and other equipment to U.S. administration and congressional leaders, but the only weapons the administration was considering providing Egypt were the C-130s.]

Sadat called the Chinese gift of 30 jet engines to fit Egypt's Soviet-built Mig aircraft, plus some spare parts and other equipment, "a very encouraging act." The gift was made public by Egypt yesterday. China said it was not an arms merchant and thus would not sell, but give the arms to Egypt.

Sadat said that a major reason for the strain with the Soviet Union was Soviet disapproval of his cooperation with the United States in the step-by-step diplomatic process during the past two years. He said that in recent correspondence with him, Soviet leaders compained they were excluded from the peace-seeking process, particularly after the second disengagement agreement between Israel and Egypt last fall.

Wearing a blue pinstripe suit and fingering an unlit briar pipe, the former general spoke in English in a firm, clear voice during the nearly 60-minute interview. He displayed great interest in the political situation in the United States, making several references to the presidential election year.

Though earlier he had expressed hope for major strides toward peace in the middle east by 1976, he virtually conceded today that little progress is likely before the U.S. elections are over in November.

The step-by-step process of seeking peace by increments, in which he cooperated closely with the United States, has reached its end, he said. That a great "Leap" toward a settlement was now needed. He dismissed as "not workable at all" a plan being discussed by the United States and Israel in which Arab states would agree to "non-belligerency" in return for further partial withdrawals by Israel from occupied Arab lands.

Recent U.S. intelligence briefings for Congress which have been contested by Israel, reported that Israel retains a military edge over the Arabs. A CIA briefing a few days ago in Washington reportedly estimated that Israel has 10 to 20 nuclear weapons "ready and available for use."

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[From the Washington Post, Mar. 3, 1976]

ARMS AID TO EGYPT LIMITED—ONLY 6 PLANES ON TAP FOR '76, KISSINGER SAYS

(By Murrey Marder)

Secretary of State Henry A. Kissinger said yesterday that Egyptian President Anwar Sadat has agreed not to seek U.S. military equipment this year other than six military C-130 transport planes.

"Therefore there will be no further military sales this year," Kissinger told a Senate Foreign Relations subcommittee. His statement followed three weeks of intensive bargaining behind the scenes with members of the committee

Sadat said last week that he would ask for jet fighter planes, antitank missiles and other weapons to help replace military supplies he formerly received from the Soviet Union.

The administration cannot meet Sadat's requests without risking a politically damaging battle in an election year.

Kissinger's pledge appeared to have overcome the prospect of any effective Senate attempt to block the plane sale. There is stronger opposition in the House International Relations Committee. Both houses must act to veto the transaction.

The pledge extracted from the Ford administration leaves to the next administration, and possibly a new President, a decision on providing significant military supplies to Egypt.

This somewhat reduces the intended political symbolism of the sale of the six transports, but the sale still would end a 20-year embargo on U.S. arms for Egypt.

Sens. Jacob K. Javits (R-N.Y.) and Hubert H. Humphrey (D-Minn.), who have been bargaining with Kissinger said in a statement that, on the basis of Kissinger's assurance, they would file no objection to the transaction. To make doubly sure, they spelled out the assurances in their own language.

But Sen. Clifford P. Case (R-N.J.), the third major participant in the bargaining, said he still wants further assurance that the $65 million transaction will not permit American "training of (Egyptian) military personnel without limit."

Kissinger said that no more than "something like 20" Egyptian pilots will be trained to fly the planes, and only "a few hundred thousand dollars" of the $65 million would be used for that purpose.

Case said, "There is no limit on the kind or amount of military training that will be provided." Kissinger said he would see if that can be clarified.

Javits and Humphrey later said they are "working out an agreement which we hope will prohibit training in U.S. military strategy and tactics" for Egyptian pilots. This is intended to reduce the paradoxical danger that the United States may be training Egyptians in methods to counter American military equipment supplied to Israel, which is almost totally dependent on U.S. weapons.

Humphrey, the subcommittee chairman, said a fundamental question is whether the United States should be "the supplier of arms to both sides."

Kissinger reiterated to the committee that there is no U.S. "commitment" to sell Egypt anything beyond the six transport planes.

"President Sadat has informed us he does not intend to request any further military equipment for this calendar year," Kissinger said.

"In foreign policy," Kissinger said, "often the best thing you can do is to buy some time." He said "it is best to face the question of lethal equipment (for Egypt)" at a later date. "Next year," Kissinger said, "a peace process may be under way with different circumstances."

Humphrey said testimony was received Wednesday that Egypt is engaging in "a massive deception program to fool the West and Israel" that it is breaking its ties with the Soviet Union. The testimony was from Uri Ra'anan, a professor at the Fletcher School of Law and Diplomacy.

Kissinger said "it is our belief" that Egyptian President Sadat's policies "are genuine."

Sen. Stuart Symington (D-Mo.) said "this agreement worries me a great deal." He said the United States is "trying to buy peace." Kissinger denied it.

Other senators present, including Senate Democratic Leader Mike Mansfield (Mont.) supported the sale.

Kissinger told the senators that improved U.S. relations with the Arab nations are paying dividends, and without such contacts, "the situation in Lebanon would almost certainly have exploded in the last two weeks."

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IMPORTANT QUOTES ON MILITARY SALES TO EGYPT

The following are some important quotes selected from statements and press articles pertinent to the sale of military equipment to Egypt.

FUTURE SALES

"We certainly do not seek to become the major arms supplier to Egypt."—Secretary Kissinger, 3-27-76, Senate Foreign Relations Committee hearings, in response to question from Sen. Percy.

"Egypt does not expect parity with Israel in U.S. military assistance *but would be satisfied with 40 per cent of American supplies to Israel.* Report by Chairman Morgan and members of a House of Representatives study mission which held talks with President Sadat and other Egyptian officials. Report is dated 3-3-76.

"I think I have the right now to ask for defensive weapons. When they asked me in the States I said I didn't have a shopping list. I can now say that I am in need, at least for defensive weapons," President Sadat in 3-26-76 interview with Don Oberdorfer of the Washington Post.

"Specifically he said he is requesting F-5E jet fighter planes which he described as 'very moderate . . . not sophisticated' and which he said have been supplied to Iran, Saudi Arabia and Jordan. He also said he is requesting TOW anti-tank missiles as well as some communications and naval gear," Washington Post interview with President Sadat, 3-26-76.

"Military sources here questioned whether such arms could be classified as defensive. The F-5E, they pointed out, while a less sophisticated aircraft than the MIG-21's and MIG-23's now in the Egyptian Air Force, have a combat radius, when armed with two sidewinder air-to-air missiles, of 875 miles, or suffice for the aircraft to operate over the Sinai Peninsula from bases in the Nile delta.

"Similarly, the TOW missiles can be used offensively from jeeps or armed (sic) cars when accompanying armor and infantry on attack."—3-28-76 N.Y. Times story by Drew Middleton.

"President Sadat's military advisors are thought to feel that if the U.S. Congress approves the deal, Egypt should attempt to purchase Raytheon Hawk anti-aircraft missiles, Northrop F-5E jet fighters, TOW anti-tank weapons, radar and other electronic equipment. Saudi Arabia, according to informants there, would probably fit the bill . . .

"For a number of months, some U.S. arms firms have been holding private discussions on the feasibility of various deals if approval were secured.

"Egyptian Defense Minister Ahmed Ismial, for example, has expressed interest in retrofitting Soviet-built MIG 19 and 21 aircraft with up-to-date weapons guidance systems, designed and built by Litton Industries, Inc."—Christian Science Monitor dispatch from Beirut, 3-5-76.

"The Ford Administration will gradually follow up the sale of six C-130 military transports to Egypt with a range of other military equipment, none of it weaponry, if Congress does not object too strongly, Administration sources said today. . . .

"Although State Department officials have been stressing what in defense jargon are called "nonlethal end items," Mr. Rumsfeld said it was conceivable that Egypt might eventually get some weapons.

"I would not be surprised to find a rifle or two on the list," he said jokingly.—New

York Times, 3-5-76 Washington article by Bernard Gwertzman.

"He expects the United States to sell weapons to Egypt as well as 'nonlethal' military equipment like the C-130 transport planes now under discussions with Congress."

"He would be surprised, he said, if Egypt's shift toward the U.S. for aid were 'limited simply to C-130's',"—Baltimore Sun article on Defense Secretary Donald Rumsfeld's 3-4-76 press conference.

STATUS OF EGYPTIAN EQUIPMENT

"In a year to 18 months, all the weapons in Egypt will be scrap."—Sadat in his 2-14-76 Cairo speech announcing the abrogation of Egypt's treaty and friendship with the Soviet Union.

"There is some evidence that Sadat and other officials have overstated the difficulty Egypt faces in keeping this (its Russian-made) equipment operable, although the problems are apparently genuine.

"Some foreign analysts believe that the huge military airlift by which Moscow resupplied Egypt during and after the 1973 war included stocks of replacement parts that have not yet been tapped. In addition, Foreign Minister Ismail Fahni told the committee of the People's Assembly the day after Sadat's speech that "We have arranged for the import of spare parts from other sources."—Washington Post dispatch from Cairo, 3-19-76.

"A close look at this list (a rundown of Egyptian weapons) based on reliable intelligence sources, suggests that supplies from the Soviet bloc definitely have not dried up, as Egypt has been claiming this year. During 1975 and the first months of this year, Egypt received arms worth $1.5 billion from the Russians."—Economist (of London) Foreign Report, 3-24-76.

"The Russians, who once had an estimated 15,000 military personnel in Egypt, still retain about 200 uniformed men here. Informed sources said these specialists do the delicate upkeep on the MIG-23's and on several hundred less advanced MIG-21's. They also maintain anti-aircraft surface-to-air missiles and their guidance systems."—Los Angeles Times, Cairo, 3-16-76.

"China gave Egypt 30 engines for its Russian-built jet fighters when the Soviet Union halted its military aid to Cairo, Egyptian President Anwar Sadat said Thursday."—Rome UPI dispatch quoting Sadat interview with the Italian news agency, ANSA.

"We will never permit our weapons to become useless pieces of steel . . . for lack of maintenance and spare parts . . . because the Soviet Union dos not supply what we need." Sadat in same interview.

"Early in November the Russians secretly resumed limited arms shipments to Egypt, the first since Moscow turned off the spigot last May . . .

"According to the Pentagon's intelligence experts, Soviet ships with military hardware began arriving in Alexandria and other Egyptian ports in the first days of this month. Described as 'low profile,' this flow is believed to consist of crates containing spare parts for airplanes and helicopters as well as for armored vehicles, artillery and trucks . . ." —Tad Szulc in The New Republic, 11-22-75

"Most significantly, since that operation (the Oct. 1973 replacement of 900 tanks) ended, during 1974-76, i.e. the beginning of Cairo's 'flirtation' with the Kissinger 'shuttle diplomacy' and the supposed 'rift' with Moscow, Egypt has received considerably more than 1,000 tons of Soviet manufacture, nearly one half being t-62, with some of the armor, however, coming indirectly via Algeria and Yugoslavia—a move that could not have been implemented without Soviet consent." "That is one heck of a lot of stuff."—Prof. Uri Ra'naan, testimony to 3-31 Senate Foreign Relations Subcommittee hearing.

CREDIBILITY

"Asked how can he be assured that the (American) arms will be only defensive as he maintains, he (Sadat) responded by citing 'my attitude toward peace, the steps I have already taken and the validity of my word'—Sadat in 3-26-76, Washington Post interview.

"A strategic cover . . . a splendid strategic distraction for our going to war." —President Sadat, in a Cairo Radio broadcast 10-24-75 cited on page 17 of testimony by Professor Ra'naan of Tufts University and the Russian Research Center at Harvard to the Senate Foreign Relations Committee, 3-31-76 on what Egyptian writer Al-Tawila called Sadat's "brilliant plan of political camouflage" when Russian advisors were ousted in advance of the 1973 attack on Israel.

IMPACT ON ISRAEL

"If Israel were to collapse as a result of armament supplied by the Soviet Union, or as a result of armament supplied by anybody, it would have the profoundest consequences for the survival of democratic governments that depend on the United States in many other parts of the world. It would strengthen all of the radical forces in an area on which a great deal of our energy supplies depend.

"Therefore, it would have profound consequences for our economy, and for the future stability of the world as a whole."—Kissinger testimony, 11-19-75, in response to questions from Senator Javits.

PAST STATEMENTS ON SALES

"We will discuss with the Egyptians certain arms assistance for them. Our aid to them in the military area is under discussion, and I would say (there is) to some extent an implied commitment. I think it is logical for us to make some commitment—it hasn't been refined—of military sales to Egypt."—President Ford 9-24-75 interview with Los Angeles Times.

"He (Sadat) did not submit a list to us, nor any specific request, and therefore the matter was left that it would be studied again in the future, without any decisions being made one way or another."—Senate Foreign Relations Committee hearing, 11-19-75 hearings, response to Senator Biden.

"Do I understand it that President Sadat has just talked about it in general terms and not submitted a list?"

"That is correct."—Kissinger testimony to House International Relations Committee, 11-6-75, questioned by Representative Lee Hamilton.

FUTURE COMMITMENT

"We have no commitments to Sadat beyond the six C-130's and the training of a few officers in the United States."—Kissinger to House International Relations Committee, 3-29-76.

"The letter (of offer) has been specifically written so as to apply only to the sale of C-130's and the training of some Egyptian officers in the United States. It does not commit the Senate or the Congress to any other decision."—Secretary Kissinger to Senate Foreign Relations Committee, 3-26-76.

"There is, at this moment, no specific program for military supply to Egypt."—Kissinger testimony to Senate Foreign Relations Committee, 3-16-76.

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## THE LACONIA MALLEABLE IRON CO., ONE OF OUR FINE SMALL BUSINESSES

Mr. McINTYRE. Mr. President, there are thousands of small businesses throughout the Nation which, in many respects, form the backbone of our country. They deserve to be recognized and honored, especially in this Bicentennial Year. I would particularly like to call the attention of my distinguished colleagues to the Laconia Malleable Iron Co. of Laconia, N.H. This company, which was founded in 1849, is one of New Hampshire's oldest and most distinguished industries.

I ask unanimous consent that the April 14 bulletin of the Small Business Administration, The Story of Laconia Malleable Iron Co., be printed in the RECORD at this point. Incidentally, I would like to compliment the Small Business Administration and its able Director, Bert Teague, for the excellent job they are doing in identifying the many fine small businesses in New Hampshire.

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

THE STORY OF LACONIA MALLEABLE IRON CO.

Laconia Malleable Iron Company, Inc., acquired by Crouse-Hinds Company of Syracuse, New York, early in 1974, ranks as one of the oldest malleable iron companies in the nation.

Founded in 1849, its history dates back to the days of Ranlet Car Company when railroad cars were produced at the same 71 Water Street address in Laconia. About 81 years later, the foundry of the original company was incorporated April 26, 1930 as the Laconia Malleable Iron Company.

The many changes in ownership of the firm over more than 125 years reflect the vast changes that have affected our nation's economy through wars, depressions and the history of railroading.

The foundry, which is one of the largest employers in Laconia, has averaged 100 to 125 employees since the late Frank D. Brisse and Thomas J. Finn bought the company in 1939. More than 20 employees have been with the company 25 or more years and 28 others have been employed there 15 or more years.

Laconia Malleable achieved its greatest diversification in production from 1939 until Frank Brisse died in 1970, according to his brother Bernard F. Brisse who is presently general manager and sales manager of the Crouse-Hinds subsidiary. He joined the foundry in 1943 as plant engineer, while John McLaughlin, present manufacturing manager, began his career there in 1935 as a pattern maker.

The foundry currently produces more than 3,000 different items ranging from castings for Crouse-Hinds electrical equipment to such diverse products as insulator caps, gears and gear blanks, micrometer frames, gun receivers, parts for United States Army trucks and tanks, and valve handles for submarines. It even has a yearly order for about 1,200 pounds of three sizes of oxen shoes.

The biggest orders for its large volume of subcontract work are from United States government contractors, General Electric Company and Savage Arms.

One of Laconia Malleable's most interesting products is the Universal ground anchor for which it has the sole manufacturing rights in the United States. These drive-in arrowhead anchors, which are available in iron, steel and aluminum, provide a complete ground anchoring system for shelters, poles, radar towers, small aircraft, trees, signs and for securing boats offshore.

The Universal ground anchor has been produced since 1954 when two researchers, John F. Rockett Jr. and Lee M. Griswold of American Research & Development Corp. of Boston, were paid a flat fee of $5,000 to develop one or more ideas for new products. Articles about this venture appeared in *Business Week, Iron Age* and the *New Hampshire Sunday News*.

Laconia Malleable, whose trademark is an

"L" inside of a diamond, currently is housed in several small brick buildings having 70,000 square feet of floor space. Its two-acre site includes a railroad siding.

It is here that malleable iron and all grades of Pearlitic malleable iron castings have been produced in green sand molds since 1849. In 1950, the company also began using Corning process shell molds. The foundry makes $CO_2$ shell and air set cores, in addition to baked dry sand cores.

A pattern shop is maintained for producing master patterns for shell molding, as well as for repairing and altering customers' patterns. Four of the shop's physical design engineers are all-around foundrymen with years of experience.

New automatic coal-fired equipment, installed in the foundry in 1944, increased melting capacity from 12 to 33 tons per day. In 1972, a changeover was made from coal to No. 2 oil to meet the Environmental Protection Agency's new requirement for air quality.

For the foundry's melts, a mixture of 30% new pig iron, 50% remelted iron and 20% steel scrap is used. Each melt is analyzed in the company's complete laboratory facilities for carbon, silicon, manganese and sulphur content. Brinnell hardness testing is a standard procedure, and test wedges and bars from each anneal are physically tested. In addition, dye check and Magnaflux equipment is used, and complete sand tests are performed on a regular basis.

In tracing the foundry's history back to the original Ranlet Car Company, the earliest memento is a classified advertisement that appeared in the January 4, 1849 issue of the *New Hampshire Democrat* published in Meredith Bridge, which was renamed Laconia in 1852.

More of the early history appeared in a feature story in the November 11, 1915 issue of the *Boston Daily Globe*, which opened with the following paragraphs:

"It is probably the oldest railroad equipment company in the country that was never anything else. While in many instances car building was an outgrowth of earlier wagon and coach building, this company was established with the sole idea of making railroad cars and has been doing it ever since.

"It was in 1848 that Charles Ranlet, a native of Gilford, began the business in that part of town which is now Laconia, then known as Meredith Bridge. In that year the Boston, Concord & Montreal Railroad was building North from Concord to Plymouth. Mr. Ranlet, a man of mechanical turn of mind, and at one time a clockmaker, decided that there was a good opportunity in making the cars it would need.

"An abundance of oak, old growth pine and other native lumber made the location a good one, labor was cheap and oxen were plentiful for hauling the cars to the railroad."

First called the C. Ranlet Car Manufacturing Co., the name of the firm was changed to simply Ranlet Car Company in May of 1850, when Charles' brother, Joseph, became a partner. When Charles died in October, 1861, Joseph formed a partnership with John C. Moulton and the company name was changed to the Moulton & Ranlet Car Company. Then, in 1865, a third partner, Perley Putnam, joined them and the corporate name became the Ranlet Manufacturing Company. Joseph Ranlet retired in 1878.

Three years later, a fire destroyed most of the plant. Within a few months, however, production resumed in new brick buildings that still stand today.

The company was reorganized in 1882 as the Laconia Car Company with Moulton and Putnam remaining as principal owners. Then, in 1889, Moulton sold his share of the business to Putnam who managed the firm until 1897, when he in turn sold it to Frank Jones of Portsmouth, a Congressman and president of the Boston & Maine Railroad.

A four-page article about the company appeared in "The Illustrated Laconian History and Industries of Laconia 1899," including a full-page picture of the seven-acre building site with its railroad siding. The article said: "It is the largest single industry in the city of Laconia and also one of the largest, most important and most widely known in New Hampshire." The article described the various types of railroad cars produced—freight cars, passenger cars, parlor cars and the newer electric street cars.

By this time, the company was employing 500 men and its main offices were in Boston, Massachusetts. Judge Calvin Page became president of the firm in 1902, when Frank Jones died, and 10 years later the company changed hands once again. This time Laconia Car Company was managed by three banking houses in Massachusetts with Carnell S. Hawley serving as president.

According to the *Boston Daily Globe* story of November 11, 1915, the company consisted of 54 buildings that occupied about 14 acres and it employed some 1,000 persons. It was the largest industry in the state north of Manchester. Its freight car building capacity had climbed to 20 cars a day and equipment was being installed to produce steel cars. The company was also engaged in subcontract work from the Canadian Car & Foundry Company for forging and machining three-inch shells for Russia.

The World War I years proved to be prosperous ones for the company, with many diversified products being shipped not only for the War effort but to national and international businesses. When the war drew to a close, the company continued its production of railroad and street cars.

A Laconia Chamber of Commerce 1928 booklet had this to say about the company: "There are 37 industries—perhaps the most notable being the Laconia Car Works whose electric cars are seen on the streets of practically every city in the land, and whose railroad coaches and freight cars are found on all railways. A recent development of this firm is the manufacture of speed boats for outboard motors."

After more than 80 years as part of a complex of manufacturing facilities engaged in producing railway and street cars, the foundry was the sole survivor when the Laconia Car Company was liquidated in 1930.

An article in *The Laconia Evening Citizen* of April 23, 1930 stated that S. W. Tyler and Ellsworth Rollins have formed a company "to save the foundry industry and keep 60 men employed there, when it became evident that the closing of the foundry as part of the general scheme of liquidation was imminent.

Three days later, Laconia Malleable Iron Company was incorporated with Arthur O'Shea as the first president. Then, in 1939, Frank D. Brisse and Thomas J. Finn bought the company, and Finn became president and Brisse vice president.

Their titles were reversed in 1941 when Brisse bought controlling interest in the company, and a year later Brisse completely bought out Finn's interest.

Other members of the Brisse family soon entered the business. Frank Brisse's father, William, a veteran foundryman and pattern maker, moved from Detroit to Laconia in 1941 and resumed his trade after a ten-year retirement. He died in 1944.

Then, Bernard Brisse, Frank's brother, became plant engineer in 1943. And when Frank died in 1971, his son William became president, serving until his resignation in 1973. At that point, Bernard Brisse, who had been general manager and vice president, became president. He now serves the Crouse-Hinds subsidiary as general manager and sales manager.

Although most of the land and buildings that once housed the colorful and thriving Laconia Car Company have been sold, there is a feeling of continuity in the site. This is evident when one sees the red brick buildings that house diversified manufacturing lines and employ hundreds of men and women.

The feeling of continuity is especially strong when viewing the original malleable iron foundry with its adjoining buildings and huge smoke stack, which still carries faint tracings of the Laconia Car Company name.

Today, it is this foundry that still produces malleable iron castings and even oxen shoes as it did 127 years ago. It is now the state's lone malleable iron foundry and one of only five throughout New England, serving customers across the nation as part of Crouse-Hinds world-wide operations.

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## TODD ULRICH OF CANTON, PA., WINS ESSAY AWARD

Mr. HUGH SCOTT. Mr. President, Todd Ulrich, a senior at Canton Area High School in Canton, Pa., has been awarded second place in the 1976 Voice of Democracy Contest, sponsored by the Veterans of Foreign Wars. His essay "Today's Bicentennial—Tomorrow's Future," shows an insight and love of country which is inspirational. I ask unanimous consent that this fine essay be printed in the RECORD.

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

TODAY'S BICENTENNIAL—TOMORROW'S FUTURE

"Thou too, sail on, O Ship of State!"
"Sail on, O Union, strong and great!"

Henry Wadsworth Longfellow wrote these words about the United States. The ship has sailed on, bringing democracy and freedom to peoples the world over. I believe our Bicentennial in 1976 is a time to reflect on our heritage and history, not to dwell on our past; but to use it as a building block for the next two-hundred years.

The Bicentennial salutes a country that has opened her doors to people of all lands—people from countries plagued by droughts, disease, starvation, and political instability. These people have found a home in America. Time after time the United States has given sanctuary to the homeless, asking for nothing in return, while giving them citizenship in a country of freedom. There are no iron doors to keep anyone out, nor any barbed wire fences to keep anyone in. Our country is truly "the land of the free and the home of the brave."

1976 salutes a country that fought for the right of people the world over to make their own decisions. From the Revolutionary War to the Vietnam War Americans have fought for democracy. They were not fighting to gain land, but to gain respect for that individual country. There have been many American military heroes of many different backgrounds. However, they all have had the taste of freedom—which gave them the motivation to fight for the red, white, and blue through hard and trying times.

Inflation and recession have recently gripped the United States. Americans grumble about spiraling inflation and the high unemployment rate. Is this any condition for a country celebrating her two-hundredth birthday to face? Yes! America has the highest standard of living in the world, the best education system, the best medical care, the list is infinite. The point is, regardless of what hardships the United States faces now or will ever face in the future, it can and will surmount them. Standing for two-hundred years

is a feat unmatched in the democratic world, and I'm sure that Americans, through the democratic process will keep this country on her feet two-hundred more years.

Our Bicentennial celebration pays tribute to the United States rich heritage: the pilgrims' dying in the first dreadful winter; George Washington and his men at Valley Forge—sick, cold, starving, and dying—but surviving for the cause of freedom; the pioneers settling the West, battling the elements for a home of their own; Thoreau at Walden Pond; Lincoln at Gettysburg; FDR bringing the nation out of depression; Mark Twain's tales of the Mid-West; John Kennedy in his quest for truth; and the countless numbers of men that gave their lives so the flag would remain flying for liberty and justice.

Francis Scott Key was inspired by the Battle of Fort McHenry to write "Oh Say Can You See . . . that our flag is still there." And our flag has been there ever since for two-hundred years. The stars and stripes has flown through times of depression, recession, world wars, political scandals, inflation, and countless other hardships. But through it all the flag is still there—a symbol of freedom, a salute to our founding fathers, a testimonial to democracy, and a promise for a tomorrow.

## FORMER INDIANAPOLIS MAYOR REGINALD SULLIVAN CELEBRATES 100TH BIRTHDAY

Mr. BAYH. Mr. President, I would like to call to the attention of my colleagues in the Senate the fact that former Indianapolis Mayor Reginald Sullivan recently celebrated his 100th birthday.

Born on March 10, 1876, Sullivan, a Democrat, served two terms as mayor: from 1929 to 1933 and from 1939 to 1943. In 1938 he was "drafted" to run for his second term as mayor after a petition was circulated which was signed by 50,000 voters urging him to seek reelection. Needless to say he had no problem winning.

Acutely aware of the responsibilities of holding public office Mayor Sullivan once described the most trying experience of his years in public office. Sullivan said:

> It was without a doubt when I was faced with a choice of naming one of two friends of mine to an important job in city government. I'm still not sure I made the right decision.

At his birthday celebration in Indianapolis, Sullivan told 300 friends and well-wishers that the secret to his longevity was drinking with moderation and smoking without restraint.

Mr. President, it is my belief that Mayor Sullivan's career as a public servant is a fine example to my fellow Hoosiers. He is a friend to us all and I am pleased to be able to commend him on the occasion of his 100th birthday.

## ADMIRAL LA ROCQUE REBUTS SCHLESINGER'S GLOOMY VIEW

Mr. HATFIELD. Mr. President, former Secretary of Defense Schlesinger recently wrote an article for Fortune magazine in which he decried what he perceives as a "failure of will" on the part of the United States and her allies, a failure manifested in an apparent reluctance to continue a massive arms buildup. Believing that Mr. Schlesinger is not the only authority on the subject, I asked Adm. Gene La Rocque of the Center for Defense Information to respond to the article.

Admiral La Rocque has sent me an excellent rebuttal to Mr. Schlesinger's contentions, one that will be of particular value as we try to add some substance to the sloganeering about who's "No. 1" in military strength.

I commend the admiral's response to all of my colleagues, and ask unanimous consent that it be printed in the RECORD.

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

### THE SELLING OF A THREAT

(By Adm. Gene La Rocque)

Over the course of the last few months, the proponents of increased military spending have engaged in a massive public relations blitz in the national news media. The goal of this intensive lobbying effort is the passage of the Pentagon's $112.7 Billion military budget, the largest in the history of the United States.

Advocates for increased military spending portray an image of the United States as a second-rate military power confronted by an ever-growing Russian threat. Recent books and articles in national news magazines—under such titles as "Can America Win the Next War?" or "Is America No. 2?"—are gloomy scenarios of the apparent decline in American military might.

The most outspoken defender of increased military outlays has been the former Secretary of Defense, James R. Schlesinger. In speeches, interviews, and articles, the former Pentagon chief in neo-Churchillian rhetoric describes his view of the decline and fall of American military strength.

In particular, Schlesinger attacks what he considers the "faltering of American purpose" and the preoccupation with our "internal problems and internal divisions."

Writing in a recent issue of Fortune magazine, he branded "the loss of vision, the loss of moral stamina, the loss of national purpose" as the "gravest problem for the Western world." This perceived loss of will and direction Schlesinger suggests is manifest in the reluctance of Congress to support ever increasing military budgets.

Schlesinger is typical of many today who see international affairs primarily in military terms. Recently he said, "The world has become a single strategic theater. It is plain that Angola was one of the early dominoes that fell after the fall of Vietnam, and that this process of the gradual erosion of Western influence will continue until such time as we, or our allies, are prepared to call a halt."

This narrow image of the role of the United States in the world fosters the view that national security can be measured only in terms of military power, and the only way to maintain our status as a superpower, is to demonstrate our ability and will to intervene militarily in any local crises—no matter how small or peripheral to American interests.

The Soviet Union's military capacities are significant, but there is no evidence Moscow is racing ahead of the United States in overall military strength.

Since 1960 the Soviets have placed much money, resources, manpower, and planning into developing their strategic nuclear missiles and air defense forces in an attempt to match the rapid growth of the United States land based ICBM and Polaris missile submarines during the early 1960's.

In strategic nuclear weapons the U.S. has outstripped the Soviet Union in recent years. Since 1970, the United States deployed more than six times as many strategic nuclear weapons than the Soviets. Today the United States has 8,500 strategic nuclear weapons compared with 2,500 for the Soviet Union. The United States has significant superiority in nuclear weaponry, although some U.S. officials imply that the U.S. is inferior.

The large throw weight capacity of Russian missiles will permit the Russians to increase their deliverable nuclear weapons in the future if they choose to follow the U.S. lead. Since both the U.S. and U.S.S.R. can destroy each other many times now, and there is no defense against a missile attack, it is senseless, destabilizing, and dangerous for both countries to continue the rapid build up of nuclear weapon forces.

The Soviets have increased the size of their military establishment from three million men in 1960 to 4.4 million men today, primarily as a defense against China which has the largest land army in the world. Since 1960 Moscow deployed about a quarter of its army and air force strength to the Sino-Soviet border region in the wake of the split between the two communist states in 1959. The Soviet's fear of a possible war with China has had a major impact on the nature of Soviet conventional and nuclear military policy.

A serious weakness in the Soviet military posture is their very high turn-over rate in military personnel. The Russians draft about one million men twice a year. They replace almost a quarter of their enlisted men every six months. Because of this high turn-over, the Soviet must conduct extensive basic training of men in front line divisions. Because of this Soviet divisions cannot maintain a high level of combat readiness. In the United States, with a professional military force, only about 3.6 percent of the total manpower is in basic training.

There is a general impression that the Soviets have had only success in their major foreign policy in the past few years. In fact, over the past few years the Soviets have suffered major foreign policy setbacks.

The Portuguese Communist Party—one of the most pro-Moscow in Western Europe—failed in its attempt to capture the leadership of the revolution following the fall of the 40 year-old dictatorial regime during the coup of April 1974.

Since the fall of Saigon last year, the Soviet Union has had considerably less influence in Vietnam than during the war as the North Vietnamese pursue an independent course between China and the U.S.S.R. The Soviet's Mideast policy is in total shambles. Egypt has ended the Egyptian-Soviet Friendship treaty, and Syria appears to be moving to establish a better working relationship with the United States.

The communist parties in France, Spain, and Italy are increasingly independent of Moscow. Also Yugoslavia and Romania continue their independent foreign policies, and there are reports of a renewal of armed encounters between Soviet and Chinese units along the Manchurian border.

In Angola it is too early to tell whether or not the Soviets have made any real headway or have just become trapped into a failure reminiscent of their Congo fiasco in the early 1960's.

The period of greater expansion of Soviet power and influence in Eastern Europe occurred during the early post-war years of the late 1940's, when the United States had a nuclear weapon monopoly and a clear cut edge in air and naval forces.

Another aspect of Schlesinger's public statements is in his use of defense figures. In his article in *Fortune*, Schlesinger stated:

> "In the United States during the last decade, the defense effort has been cut approximately in half, on a proportional basis. This decline has been reflected in every relevant measure—share of G.N.P., share of government spending, and so forth."

This simply is not so. The military budget of the United States ten years ago was $55.9 Billion and today the Pentagon is asking for $112.7 Billion or more than double the amount for 1966. Even so, there is no auto-

matic need to increase the amount of money spent for military forces simply because the overall federal budget has increased. To argue that military budgets should increase with every increase in the federal budget is to say that with every increase in social security payments there should be a concomitant increase in military spending without regard to the threat to our commitments to other nations. There is little logic in allocating funds for the military as a fixed percentage of the overall federal budget. The allocation of resources should be based on our military needs.

In the European states of NATO and the Warsaw Pact, there has been a general *decrease* in the percent of the national budgets devoted to military spending over the last five years. But in terms of actual funding, the military spending for these nations has gone up.

Another factor that must be taken into account is the percentage of the G.N.P. devoted to military spending. To argue that an increase in the G.N.P. requires an increase in funds for the armed forces is likewise unreasonable and without meaning. The G.N.P. of the United States doubled from 1955 to 1974 while the percent of G.N.P. in the United States devoted to military spending dropped from 8 percent to 6 percent. Nevertheless, the money spent for its military forces nearly doubled in the same period. A decline in our G.N.P. would not automatically call for a decline in our military expenditures anymore than an increase in G.N.P. rationally calls for an increase in military spending.

The United States should spend what is necessary for a proper defense of this nation, and not attempt to tie military spending to a certain percentage of the G.N.P. or the federal budget.

Another faulty statistical comparison is to quote CIA estimates of Soviet defense costs. At best these estimates are crude, and at worst can be very misleading. Schlesinger stated in his *Fortune* article, "In the aggregate, the CIA estimates, the Soviet outspend the United States in dollar equivalents by about 45 percent."

The figures would on the surface appear to be a reason for great concern, but the key words in the sentence are not "45 percent" but the phrase "in dollar equivalents." There are no exact "dollar equivalents" because the ruble is not convertable into Western money, and the CIA must resort to a questionable and tortuous process to achieve "equivalents."

Without attempting to measure actual Soviet military costs, the CIA calculates how much it would cost the United States in dollars to reproduce the Soviet defense establishment. Because of this, the figures are misleading due to the fact that the manpower and equipment costs for both superpowers are radically different.

The pay scale and retirement benefits for Soviet military personnel are nowhere as near as great as for the American military. The U.S. Navy recruit receives a starting pay of 30 times the amount that a Soviet naval conscript receives. The Soviet Army's pay for a draftee is only about $4 per month. In the American Army a recruit pay is $361 per month. When the CIA estimates the cost of the Soviet military pay they estimate on United States military pay scales. This obviously distorts the results.

Estimating equipment costs is also very misleading. If the Soviets attempted to match some of America's advanced weapons, the costs in rubles would literally run into the trillions, because the Soviets have yet to develop the technological base needed to produce some of these systems. This is particularly true in regards to electronic miniaturization, advanced computers, and composite materials.

Most significantly, the CIA states that the "dollar equivalents" cost estimates should not be used alone to infer the relative capabilities or combat effectiveness of Soviet vs. American military units.

At the present, the U.S. Congress has before it the largest military budget in the history of the nation, $112.7 Billion, a 15 percent increase over last year's budget. In terms of overall costs, the executive branch request is greater than all the Federal budgets from 1789 to 1933 added together.

Senator John L. McClellan, D-Arkansas, chairman of the Senate Armed Services Committee, summed up the core of the problem facing Congress:

"This is the largest defense budget in the history of our nation . . . Yet, we are at peace and are in an era of detente with our international rivals. The American people are asking for an explanation of this paradox—if we are at peace and in an era of detente, why must we carry the burden of the largest military budget in our two centuries of independence?"

A greater and greater share of the American economy is being consumed by the military sector. Since World War II, the United States has spent over $200 billion on basic research and development, of which a full 80 percent has gone to military and military-related projects. One-half of all American scientists and technicians are working on military-related problems. But while the United States expends limited resources on over-priced and unneeded weapons, we lag behind other nations in such basic areas as infant mortality (17th), life expectancy (20th), and public expenditures on health (10th).

The critical question facing the United States is not a "lack of will" as Schlesinger likes to point out, but why must we continue to waste our funds on weapons that are not needed or contribute in only marginal ways to our defense. Must we continue to spend billions on massive weapons programs such as the B-1 Bomber, the strike cruiser, or the cruise missile, which do not add to our national defense, while our cities rot and our health-care standards remain below that of most of the Western European nations?

The United States is a world leader, and legitimate defense needs must be met, but we are not the world's policeman. More weapons and more nuclear overkill do not equal greater national security. The executive branch's request is 15 percent higher than last year's military budget. With a 7-percent built-in inflation factor, the Pentagon is requesting an 8-percent real growth, although former Pentagon chief Schlesinger recently called for a more limited increase of only 2 to 3 percent in real growth in our defense effort.

If no allowance is made for inflation, the Pentagon would be required to take measures to reduce costs of present programs in order to maintain the same level of defense effort. If a 7-percent inflation increase is authorized by the Congress, no reduction in current ongoing programs would be required to maintain the current level of defense readiness. Such a spending plateau would not mean a decline in America's capabilities or even a leveling of our capabilities.

In final analysis, an inflation increase should be an element in military budget planning, and perhaps a modest 1-percent real growth increase can be justified. If this is done, the Pentagon budget will be increased by 8 percent over last year. This 8 percent would still result in a savings of over $6.4 billion from the proposed military budget, and would not decrease in any way our defensive strength.

## THOSE FANTASTIC BENNETTS

Mr. PELL. Mr. President, I rise today to pay tribute to a family of uncommon skill and accomplishments—the Bennetts of Cranston, R.I. According to a recent article appearing in the Rhode Islander magazine of the Providence Sunday Journal, the Bennetts "comprise perhaps the most remarkable family in American hockey history." Mr. President, this is not an idle assertion.

Five members of the same family have played or are now playing professional hockey, with a sixth soon to join them. Father Harvey, Sr, once played for the Boston Bruins and the Providence Reds; sons Curt and Harvey, Jr., are currently in the National Hockey League where a mere 5 percent of the combatants are Americans. Curt has been on the NHL all-star team for the past two seasons as a member of the Atlanta Flames, while brother Harvey holds down a left wing position for the local Washington Capitals. Another son, John, played for a short time with the World Hockey Association after an excellent term with Brown University's hockey team. Bill, age 22, is currently preparing for the big time by playing in the minor leagues while the youngest son, Jimmy, started for Brown University's championship team this past season as a freshman.

Mr. President, I commend Ham Davis, former chief of the Providence Journal's Washington bureau and now New York bureau chief for the Gannett Newspapers, who wrote the article on this exceptional family, and I ask unanimous consent that it be printed in the RECORD.

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

THOSE FANTASTIC BENNETTS

(By Hamilton E. Davis)

It is 10:30 on a raw, iron grey Sunday morning in late January. The sprawl of warehouses and freight yards lying between Allens Avenue and the Providence River is mostly deserted, except for the two dozen or so cars parked outside the Cranston Ice Bowl. Inside, a handful of men and a few women stand along the rink boards, watching the incoherent swirl of a kid's hockey game.

Observing the proceedings is a tall, lean, hawk-faced man, wearing a red jacket, who occasionally takes a youngster aside to deliver some quiet advice. Also watching is an 18-year-old wearing Brown University hockey pants and a Cranston East jersey. When the game is over and the kids are fooling around, the youth swings easily around one end of the rink, blond hair flying, ragging the pick with the kids.

The tall man is Harvey Bennett, a former goalie with the Providence Reds, and, briefly, the Boston Bruins; he now runs a hockey school for youngsters at the ice bowl. The young man in the Cranston East jersey is his son, Jimmy, the youngest of five brothers who together comprise perhaps the most remarkable family in American hockey history.

Consider: The oldest brother, Curt Bennett, now 27 and a former All America player at Brown University, is a starting left wing for the Atlanta Flames. In a game dominated overwhelmingly by Canadian hockey players, Bennett has made the National Hockey League All-Star team for the last two years.

He's the leading goal scorer on the Flames, and second in total points.

His younger brother Harvey, 23, who graduated from Boston College, is a left wing for the Washington Capitals. Only a part-time player in college, Harvey is now clouding his former coach's reputation by turning in strong performances on the most woebegone team in the NHL.

Bill Bennett, 22, passed up college to play junior hockey in Canada with the Windsor Spitfires, then moved to Waterloo, Iowa. He has been plagued with a hernia problem, but that has been corrected by surgery and he is now playing with Central Wisconsin of the United States League. When he skates his way back into shape, he hopes to move to Fort Wayne of the International League.

Jimmy, the youngest, now a freshman at Brown, also plays left wing, and according to his brother, Curt, may be the best of the lot. He broke a knuckle in a game against Harvard early in the season, but came back and saw plenty of action as Brown compiled its best record ever and fought for the national championship.

The only brother not playing hockey now is John, 25, who is studying medicine in Guadalajara, Mexico. Like his brothers, a great player at Cranston East, John played at Brown, and then with the Philadelphia Blazers of the World Hockey Association.

Given the long season in the pro leagues and the traveling involved, the Bennetts seldom get together during the season. But a passerby who notices a ball hockey game in the driveway of the Bennett home in Edgewood on a summer day will be looking at the best ball hockey team anywhere.

The crowd at the Nassau Coliseum on Long Island is restless, eager. This is a grudge match, an important game. The hometown Islanders are tied with the Atlanta Flames for second place in the Patrick Division of the NHL. Both trail the Philadelphia Flyers and lead the bedraggled New York Rangers.

The Flames start their high scoring line that has Tom Lysiak at center with Curt Bennett at left wing, and Hill Graves at right wing. When the referee drops the puck at center ice it squirts past Bennett and goes to the boards. Bennett sprints and goes for it, racing Dave Lewis, the Islander defenseman. Bennett wins the race, but before he gets to the puck he takes a smashing elbow to the side of the head from Lewis, and in an instant, the sticks are down and the gloves are off.

Only a few punches are thrown before the referees separate the two, leaving Bennett in an uncharacteristic rage. "I wish they had let 'em go," his coach, Fred Creighton, said later. "If I was a betting man, I would have put my money on Bennett."

The first 10 seconds sets the pattern for the game: mean, nasty and low scoring. Bennett gets two roughing penalties, and Lewis gets two minutes for elbowing and two for roughing, leaving the two teams to play four minutes with five men each on the ice.

There is no scoring in the first period, but the Islanders are forcing the play. They are a tightly disciplined, tight-checking team. Bennett has two of the Flames' best chances to score in the first period. He very nearly scores on a backhand from the slot, but is frustrated by the Islander goalie. A few minutes later, playing left wing on the Flames' power play while the Islanders are a man down, Bennett gets a clean shot from the left side, and just misses the top of the net.

Despite these two misses, it is clear why Bennett scores so well for Atlanta. For one thing, he works harder than most of the players on the ice, back checking hard and hustling hard in the corners. Unusually tall at six feet, three inches, he has deceptive speed, taking long strides. But most of all he is a thinking hockey player.

He does not have the cannon-like slap shot that awes fans, but is hard to control. Rather, he positions himself well around the net and uses a quick wrist shot that is extremely effective. And at 205 pounds, he is hard to push around in front of the net.

On this night, the Islanders are carrying the play to the Flames, taking more shots in all three periods. The Flames score first, but the Islanders come back and the game ends in a 2–2 tie. The Flames, playing on enemy ice, get a point in the standings and have to count themselves lucky. "They could have blown us out of the rink," Bennett says afterward in the Flames' locker room.

Bennett, says his coach, Fred Creighton, is one of the most improved players in the league, and in fact, is one of the NHL's top left wings—hard-working, dedicated, a good competitor. "If there is anything I would like to see, it would be to have him take the body more," Creighton says. But Bennett doesn't get pushed around much, he continues. "The word around the league is that they're better off letting him sleep," Creighton says.

In the locker room, Bennett shrugs off a question about the elbow to the head from Lewis. "Just got me into the game," he says.

But earlier in the day, talking at a nearby Holiday Inn about his career, Bennett expressed some ambivalence about life in professional hockey. One of his main problems is what he calls the constant "intimidation" in the league. When he broke into the pros, it seemed as if he was always having to fight, he recalled.

The professional game was far different from the play in American high schools and colleges. Part of it, of course, was the level of skill. Playing much shorter schedules. American youngsters generally can't skate with the Canadians, and can't shoot or stick handle as well either. "High school and college hockey is emotional, but not very skilled," Bennett said.

He was able to pick up these skills, although it was difficult. Drafted by the St. Louis Blues, he played a year at Kansas City, but spent much of his second season bouncing between Denver and St. Louis. He made that switch five times in one year; it seemed as though his clothes were always in the other city. And he very nearly gave up.

In that summer, however, he was traded to the Rangers, played briefly in New York, and then went to Atlanta, where his career caught fire.

During this time, Bennett worked hard at the physical aspect of the game. He learned karate and became an accomplished boxer. He worked out fanatically. This has earned him some relative peace from the back alley aspects of the game: He is bigger than most of the men he plays against, and they are testing him less. Still, he doesn't like that aspect of the game, and he conceded frankly that at times it has left him very discouraged.

It has bothered young Harvey too, according to his parents. When Harvey was with Pittsburgh, his mother Diana recalled, he felt that he was being used as a goon. And he was pleased when, upon being traded to Washington, he was told by his new coach that he could fight when he felt it was necessary, but that he was there to play hockey.

It is a difficulty that is likely to plague any American player. The American who plays in high school and college plays pretty much for fun; he does not have to sacrifice his education and possible secondary careers. That is very often not true of the Canadians. They start playing earlier, and by age 16 or 17 are committed to a professional career. For them, hockey often is the only thing standing between them and a lifetime of menial work in a small Canadian town.

Bennett, according to the team's public relations man, is the team intellectual. He speaks Russian, has dabbled in yoga and transcendental meditation, and travels extensively. He has also studied broadcast journalism. Despite these broad interests and his solid education, and despite also occasional ambivalence about professional hockey, he says he has no other career in mind.

"Hockey is my career," he said simply. "It's my life."

Although he spent most of his career in the minor leagues, and although in some ways his sons are eclipsing his record in the game, the member of the family to whom hockey has always been a way of life is Harvey Bennett Sr. Born in Regina, Saskatchewan, he began playing junior hockey at 17 in Oshawa. A goalie, he went from there to Hershey, Pennsylvania, and then to the Providence Reds, where he played from the late 1940s until 1959. Harvey now runs a sporting goods store. He and Diana live in a comfortable home overlooking the pond in Roger Williams Park.

The home is a monument to hockey. Harvey's goalie skates, now bronzed, grace a hall shelf. The television set in the den is flanked by massed ranks of trophies. After a recent session of his hockey school, Harvey and Diana relaxed there for an hour and talked about how they brought up their boys.

"Honestly, I think it was the hockey school that did it," Harvey said. "The kids played every Sunday, but it wasn't a formal thing. We have no such thing as registration. When you come, you play, but if you don't feel like playing hockey you can stay home and watch cartoons.

"We try to make sure the boys carry the puck a lot, keep their heads up and shoot with the wrist. We try to tell the kid not to take that slap shot," Harvey said.

"They made it fun for the boys," Diana said. "And no matter how good they were, there was always somebody better at home."

Harvey was a major influence at all times in his boys' career. For example, when Curt was being wooed by the World Hockey Association before going to the Flames, his father opposed the idea vigorously, and it was dropped.

Hockey didn't keep the Bennett boys from other sports. They played them all, and Curt particularly has been a tournament class amateur tennis player. At first they didn't want to play tennis, Diana said, but she told them if they could beat her she'd give them five dollars. Which was enough to get them involved. "Tennis was good for coordination and timing," she said.

"And we always played everything as a family," she continued. "Soccer on Sundays and so on." Her boys, she said, often tease her about how much hockey she knows—"Billy is always telling me I don't know anything." But that is not likely: Diana played for the first women's hockey team back in Regina in 1938, and no one could live in the Bennett household for long without absorbing a hockey education.

With all the successes, the Bennetts have had to live with tragedy also. A sixth son, Peter, drowned at the pond at Roger Williams Park three years ago while trying to rescue the family dog, which had fallen through the ice. He was 11 years old.

Now that the boys are launched, the Bennett parents maintain a rigorous schedule trying to keep up with the careers of their children. They see Jimmy play for Brown whenever they are able. And they go to Boston when the Flames or Capitals are coming in there.

They can get Atlanta home games and Washington home games on the radio, but it can lead to some scheduling difficulties. One night recently, they caught Curt's game from Atlanta early in the evening, then tuned in to Harvey's game in Oakland, California, which started three hours later. Then

there have been the times when the brothers have opposed one another.

It happened when Harvey was playing with Pittsburgh and the Penguins played Atlanta, Pittsburgh won, but Curt Bennett got the only goal for Atlanta, which was perfectly satisfactory to the Rhode Island Bennetts.

The situation that tests them most, however, is when a Bennett is playing the Canadians in Montreal. No Montreal station—at least none that broadcasts in English—can be picked up in Rhode Island. So they call a friend in Montreal near the end of the third period, the friend puts the telephone near his radio, and the Bennetts listen to the last part of the game by phone.

They are able to accommodate a sizable audience this way: There are five telephone extensions scattered around the house.

## PROF. JOHN J. BRODERICK

Mr. BAYH. Mr. President, I want to commend one of Indiana's finest "adopted sons," Prof. Emeritus John J. "the Chief" Broderick on his departure from Notre Dame Law School after 30 years of service. Professor Broderick will be leaving to help start the new law school associated with Campbell College in North Carolina. As a member of the Notre Dame Law Advisory Council I have had the privilege of working with the "Chief" and observing his many contributions to the law school and its students. In my opinion, there is no person better qualified to nuture a beginning law school.

Professor Broderick's legal scholarship is of the highest caliber, characterized by rigorous discipline, tireless effort, and innovative thought. His teaching of law demonstrates that the profession requires more than technical expertise. All his efforts center around working directly with students giving them careful instruction and dedicated concern. In his position as a professor of law and in his personal life Professor Broderick instills a sense of honesty and respect in the aspiring attorneys he teaches and his colleagues at the school of law.

The "Chief's" energy and interest in the people around him will be the most valuable assets he takes to the Campbell Law School. In years to come, Campbell lawyers will find him an inspiring source of insight into the study of law, and an example of excellence and integrity in the legal profession. In keeping with his nature as a selfless teacher and friend to his students, Jack Broderick will help Campbell Law School develop an outstanding reputation and train excellent lawyers.

## CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

## CONGRESSIONAL BUDGET FOR THE U.S. GOVERNMENT FOR FISCAL YEAR 1977

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of the unfinished business, Senate Concurrent Resolution 109, which the clerk will state.

The assistant legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 109) setting forth the congressional budget for the United States Government for the fiscal year 1977 (and revising the congressional budget for the transition quarter beginning July 1, 1976).

AMENDMENT NO. 1588

The PRESIDING OFFICER. The pending question is on the adoption of amendment number 1588 of the Senator from Indiana (Mr. BAYH), on which there is a time limitation of 30 minutes.

Mr. BAYH. Mr. President, I ask unanimous consent that we dispense with the reading of the amendment.

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

The amendment is as follows:

On page 1, line 7, strike out "$412,600,000,000" and insert in lieu thereof "$412,700,000,000."

On page 1, line 9, strike out "$454,900,000,000" and insert in lieu thereof "$455,000,000,000".

On page 2, line 2, strike out "$50,200,000,000" and insert in lieu thereof "$50,300,000,000".

On page 4, line 10, strike out "$3,300,000,000" and insert in lieu thereof "$3,400,000,000".

On page 4, line 11, strike out "$3,400,000,000" and insert in lieu thereof "$3,500,000,000".

Mr. BAYH. Mr. President, as one who is an enthusiastic supporter of the congressional budget concept, I must admit to some reluctance to participate in the amendment of the committee resolution. However, as I interpret it, and I think any reasonable interpretation of the budget law would suggest, this is a congressional budget, a Senate and House budget, not merely a budget formulated by the committees thereof.

I say that without any reflection on the distinguished members or the distinguished chairman of that committee who have labored long and hard and have a difficult task of attempting to be all things for all people.

I rise to present this amendment as forcefully as I know how, not in disrespect for the committee or its chairman, nor the process, but realizing that in the fulfillment of the duties assigned the Budget Committee it is impossible for them to have the expertise necessary to understand how certain budgets presented by the Executive, will impact on significant policy decisions that have been made by this Congress, certainly those such as this one with the strong bipartisan support of Members of the Senate.

I am glad to be joined in this effort by the distinguished ranking minority member of the Judiciary Committee and past ranking member of the Juvenile Deliquency Subcommittee, of which I have the honor to be the chairman (Mr. HRUSKA). He and I share a concern for what may ensue if this amendment is not successful.

I would like to also add that our effort is supported by the distinguished senior Senator from Rhode Island (Mr. PASTORE), who is the chairman of the Appropriations Subcommittee which has jurisdiction over this matter.

Since 1970 when I had the privilege of being appointed chairman of the Juvenile Delinquency Subcommittee we have conducted a lengthy and thoughtful assessment of what should be done about juvenile delinquency. There is much talk about crime. Indeed, the papers over the weekend and last week brought forth glaring evidence of escalating crime that is not new to this Senator. It has been evident for a long while. Although there have been numerous political speeches about crime, very little effort has been directed at what we can actually do about it. Certainly, I think most of us realize we are not going to speak it out of existence.

Our study disclosed some rather dramatic facts. Over a several-year period it was obvious to us that half of the serious crimes that we read about in the newspapers were committed not by three-time losers in their middle ages, but half of the serious crimes that confront us today are committed by young people. Young people have the highest recidivism rate, upward of 85 percent. A crime is committed, the culprit is caught and convicted. The law works its will, and all too often the small number of repeaters responsible for most serious crime are in short order back on the street committing subsequent crimes.

The problem, it seems to me, at the risk of oversimplifying it in the brief time allotted me today, is that we wait until too late in the lifetime of young human beings before we start doing anything.

One of the first lessons we are taught by our parents is that old adage of an ounce of prevention being worth more than a pound of cure. Yet we do not direct our attention to preventing crime. We respond after the fact. We respond to the event instead of trying to prevent it, instead of dealing with the problems of the offender early enough to prevent further offenses.

Second, our juvenile justice system, and indeed our criminal justice system in most instances, makes matters worse, particularly as young people are impacted. We take someone who will not go to school, who runs away from home, and incarcerate them with others who are experienced criminals, and some wonder why these youngsters commit second and more serious offenses.

In 1974 we passed the Juvenile Justice Act and Delinquency Prevention Act which had strong bipartisan support—88-to-1 in this body and 329 to 20 in the House. With the help of Senators HANSEN and MATHIAS and others a veto was averted. It was signed by the President. Last September the program finally, with modest funding, was launched. The effort of this legislation is to try to prevent crime, to try to intervene at a time in youths' lives when we can have an affect.

We reorganized the Federal juvenile system. We placed 39 separate agencies together under one organization in the new office. The thrust was prevention.

For the first time in history we recognized the significant contribution to be made by private agencies—Boy Scouts, Girl Scouts, YMCA's and YWCA's—those

agencies dealing with young people's problems. That it was time public agencies coordinate and not compete with private volunteer efforts to prevent crime.

The thrust of amendment No. 1588 is to add $100 million to law enforcement and justice function that was considered by the Budget Committee. The major portion of this money is to be used to fund the juvenile justice and delinquency program of LEAA. However, I have no objections if the Appropriations Committee, and the appropriate authority, determines that some of the $110 million is directed to other worthwhile enforcement functions, such as the FBI, LEAA, Immigration and Naturalization.

I think it is important to focus exactly on what this amendment is designed to do. It is designed to prevent runaways, truants, and first offenders from becoming lifetime criminals. Mr. Elmer Staats of the General Accounting Office has concluded that funding of the act is essential to any Federal effort to reduce crime. And yet in this budget, despite the fact that crime is going up, the budget that we are now considering has $300 million less money devoted to fighting crime than is presently being spent.

We are not asking the Senate to spend more money. If this amendment is adopted, we are still going to save $200 million. But if this amendment is not adopted and if the Congress adopts the President's budget of only $10 million for this crime prevention effort, we are, in effect, going to invite the demise of the program. The President's approach would kill the whole program.

We are presently spending $40 million which was appropriated for fiscal year 1976. The President's budget would cut that by 75 percent, down to $10 million. We have authorized authority for this year's budget of $150 million. We are asking for two-thirds of that amount in this amendment. Last year this body appropriated $75 million.

So I urge my colleagues, if they are concerned about crime, and if they are concerned about our young people, to join us in this effort.

Mr. President, in addition to the strong support from the ranking Republican member of the Committee on the Judiciary, I am especially pleased to have the strong support of the ranking Republican member of the subcommittee (Mr. MATHIAS), whose statement I am pleased to present, and ask unanimous consent that his remarks and an attachment be printed in the RECORD following mine.

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

STATEMENT OF SENATOR MATHIAS

As a co-author of the Congressional Budget and Impoundment Act of 1974, I recognize the necessity of handling the Federal budget in a rational manner in order to ensure wiser spending and lower deficits. Moreover, as a member of the Senate Appropriations Committee—which has increased power over the annual Federal budget under the 1974 act—I am well aware of the importance of adhering to the strict procedures set forth under this law, especially in light of the depressed state of our economy.

Despite my understanding of the need to abide by the strictures set forth under this legislation, I am compelled to join my colleague, Senator Bayh, chairman of the Senate Judiciary Subcommittee to Investigate Juvenile Delinquency—of which I am ranking minority member—in offering an amendment to increase the budget outlay contained in S. Con. Res. 109 for the law enforcement and justice function (750) by an addition of $100,000,000.

My support for this amendment is grounded on my firm belief that absent such additional funding the hopes which accompanied the enactment of the Juvenile Delinquency Act will not become a reality. The failure of Congress to fund the bill at a level approaching its authorization ceiling frustrates the realization of the promises which accompanied the enactment of this legislation although the Juvenile Delinquency Act authorizes funding levels of $75 million, $125 million and $150 million for the first three years of the act's existence, the actual appropriations have fallen far short of these marks. For example, despite the $150,000,000 authorization for fiscal year 1977, the President has requested an appropriation of only $10,000,000.

Despite my belief in the importance of adhering to the guidelines and procedures set forth in the Congressional Budget and Impoundment Act, I cannot stand by while the Congress once again fails to adequately support this program, especially in the light of the fundings Congress itself made when it passed the Juvenile Justice and Delinquency Prevention Act, just over 18 months ago, as the act states in section 101:

(1) Juveniles account for almost half the arrests for serious crimes in the United States today;

(2) Understaffed, overcrowded juvenile courts, probation services, and correctional facilities are not able to provide individualized justice or effective help;

(3) Present juvenile courts, foster and protective care programs, and shelter facilities are inadequate to meet the needs of the countless, abandoned, and dependent children who, because of this failure provide effective services, may become delinquents;

(4) Existing programs have not adequately responded to the particular problems of the increasing numbers of young people who are addicted to or who abuse drugs, particularly nonopiate or polydrug users;

(5) Juvenile delinquency can be prevented through programs designed to keep students in elementary and secondary schools through the prevention of unwarranted and arbitrary suspensions and expulsions;

(6) States and local communities which experience directly the devastating failures of the juvenile justice system do not presently have sufficient expertise or adequate resources to deal comprehensively with the problems of juvenile delinquency; and

(7) Existing Federal programs have not provided the direction, coordination, resources, and leadership required to meet the crisis of delinquency.

Congress finds further that the high incidence of delinquency in the United States today results in enormous annual cost and immeasurable loss of human life, personal security, and wasted human resources and that juvenile delinquency constitutes a growing threat to the national welfare requiring immediate and comprehensive action by the Federal Government to reduce and prevent delinquency.

Clearly, unless additional funding is forthcoming the act's goals of providing an effective Federal campaign against juvenile delinquency and thus drastically reducing the juvenile crime rate—now approaching one-half of all crimes—will not be achieved.

For example, there will be a real and substantial impact on child service programs in the States if adequate funding is not provided. In my State of Maryland, for example, State officials in the Community Services Division of the Department of Juvenile Services have indicated to me they are unable to go forward with programs they have developed to deal with problems of truancy and runaway children because the funds contemplated by the act have not been available. This is particularly tragic because more serious juvenile delinquency problems can often be avoided if children are helped at these earlier stages.

Moreover, the effect of Federal funding can be multiplied by the efforts of private service organizations which work with State youth programs. In Maryland, the Maryland Jaycees—which comprise 105 chapters and 5000 members statewide—have done admirable work with runaway and delinquent children. But, as their officials have informed me they could do more if there were adequate Federal funding of the program with which they work.

In conclusion, the case for an increased budget outlay for the Juvenile Justice and Prevention Act of 1974 cannot be denied. This is particularly true at a time when 9 States and two jurisdictions find themselves unable to participate in the programs offered under the act, partially as a result of the absence of sufficient Federal funding. Consequently, I urge my colleagues to support this amendmend and help bring about the full implementation of the Juvenile Justice and Delinquency Act of 1974.

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FIRST ANNUAL REPORT (SEPTEMBER 30, 1976) OF THE OFFICE OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION

PART ONE—INTRODUCTION

Youthful crime in this country has increased dramatically over the past decade. This problem is detailed in the statistics:

Arrests of juveniles for serious crime—acts of violence and stealth—increased by 144 percent between 1960 and 1973.

Persons under the age of 18 are responsible for 45 percent of all arrests for serious crime and for 23 percent of all arrests for violent crime.

Some criminal acts are committed predominantly by youths. Burglaries and auto thefts are overwhelmingly youth crimes.

The peak age for arrests for violent crimes is 18, followed by 17 16 and 19. The peak age for arrests for major property crimes is 16, followed by 15 and 17.

The juvenile justice system—society's institutional response to juvenile crime—faces serious problems. It must determine which youths to handle, and how to do this so as to protect the interests of both the youth and society. There are 12 arrests for every 100 juveniles between the ages of 15 and 17; most juveniles arrested have not committed a serious crime and some have not committed a crime at all. A surprising number have been arrested for status offenses—acts such as running away, truancy, promiscuity, and incorrigibility—that would not be crimes if committed by adults. The juvenile justice system often represents the only available resource for these youth.

Studies of the juvenile justice system have shown that it often treats offenders in an inconsistent way: status offenders may be incarcerated and serious repeat offenders may be put on probation. Studies also have shown that treatment programs established by the juvenile justice system have been largely ineffective in changing juveniles' behavior. Major problems in juvenile delinquency prevention are to define more precisely the role and scope of the juvenile justice system and to increase the effectiveness of treatment programs for juvenile offenders.

In addition, there has been little or no coordination among the Federal departments and agencies with delinquency control responsibilities. Instead there has been a lack of uniformity in policy, objectives, priorities, and evaluation criteria to determine program effectiveness. National leadership in these areas is required.

The PRESIDING OFFICER. Who yields time?

Mr. MUSKIE. Mr. President, I shall not take much time. I yield myself 5 minutes.

First of all, let me say, with respect to the opening comments of the distinguished Senator from Indiana undertaking to define the role of the Budget Committee relative to that of the other committees and the individual Members of the Senate, that I do not disagree with this definition at all. Obviously, the process ought to be one to which the entire Senate can contribute as well as the members of the Budget Committee.

With respect to the responsibilities of the members of the Budget Committee in connection with this resolution, it is my view that, with rare exceptions, we ought to support the resolution which a majority of the Budget Committee was able to agree upon and report to the Senate. Otherwise, we will simply invite an open door on every decision that the Budget Committee has made, and, in effect, try to repeal the Budget Committee process on the floor of the Senate. That would be time consuming and, I think, would be a disservice to our objective.

Nevertheless, it is the Senator's prerogative to argue the merits of the particular program which he feels is jeopardized by the overall functional totals of function 750 in the budget resolution before us. I would repeat what I have said before, that the Budget Committee is not a line item committee, that when we adopt a functional total, we are not undertaking to mandate how that total will be distributed among the programs that are covered.

The third point I would make, that perhaps has not been made in the course of this debate, is that the fact that these functional totals are the same as those of the President does not mean we are mandating the distribution within those functions that the President had in mind. All we have done with these functional totals is say that these are the dollars that we think should be available in this function. The details are to be spelled out by the appropriate committees. Those committees should not be inhibited as to details by any personal ideas that the Budget Committee members had, or by the details that the President and the administration have proposed.

This is not a line item committee. We did not undertake a decision on how much money, if any, ought to be allocated to juvenile justice. I want to make that clear, so that the legislative record is clear, whatever the outcome of this amendment.

The President's budget, as I understand it, requests $707 million for the Law Enforcement Assistance Administration. Certainly the Appropriations Committee can allocate more than the $10 million that the President has allocated for juvenile justice out of the $707 million he has requested for the Law Enforcement Assistance Administration. I think the distinguished Senator from Rhode Island had an extensive discussion in the CONGRESSIONAL RECORD on Friday, in which he pointed out his concern, matching that of the Senator from Indiana and I take it that of the Senator from Nebraska, as to whether or not the amount allowed is too tight to permit adequate funding for the juvenile justice program.

I think that I would be accurate in describing the Budget Committee's attitude on this matter in this fashion: I think several members of the Budget Committee, if not all of them, expressed concern about the amount of money that has been spent under the LEAA program since its inception. There was a feeling that the program ought to be subjected to close scrutiny during this budget year, to determine whether savings in addition to those proposed by the President and the Budget Committee might not be achieved. If sufficient savings cannot be achieved, the committee, of course, ought to make that case and bring it to the Senate with a request for additional funding. But at the moment, our attitude has been that we want to keep the pressure on and force a careful examination of spending programs within the budget.

We have not made any committee judgment on the juvenile justice program. Speaking for myself, I am most sympathetic to the juvenile justice program. I think the case made by the distinguished Senator from Indiana and the distinguished Senator from Rhode Island on Friday is a most persuasive one, because it happens to be in line with my own views about juvenile justice programs.

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

Mr. MUSKIE. May I make one other point?

I understand that in the fiscal year 1976 budget, the year in which we now are, the LEAA estimate is that about $120 million of the LEAA budget is being used by State and local governments for juvenile justice.

I yield to my good friend from Rhode Island.

Mr. PASTORE. Of course, Mr. President, there is a lot to be said on the other side of the coin. As to the idea that we should look into it and scrutinize it, that is exactly what we do before the Appropriations Committee.

The argument is made that we still have crime, in spite of the fact that we have LEAA funds. Well, as I have had occasion to remark to the Senator from Maine, we still have cancer; too, but that does not mean we should relax our efforts in the research to find the answer for it.

The fact still remains that the committee's proposal means 250 less jobs in the FBI, when crime is up. This means that we do not have the funds for the education of our law enforcement officers or the funds that are necessary to keep the juveniles out of the courts. You put them in the courts, you put them in the reform school, you put them in jail, and how much does that cost? I mean, these are the questions.

I listened to Mr. Heller on Meet the Press yesterday. Of course, he does not go along with the administration 100 percent. I think we have become a little too conservative-conscious. I wonder sometimes if this is a response to Ronald Reagan or President Ford, or whether it is really a response to the people of the country. We are here to serve them.

The argument is made that sometimes you can get yourself into a big stalemate.

The PRESIDING OFFICER. The 5 minutes the Senator from Maine yielded himself has expired. Who yields time?

Mr. MUSKIE. I yield the Senator another 2 minutes.

Mr. PASTORE. So I say to my distinguished friend from Maine, I realize what we are up against here, and I realize what happened to the other amendments that came up last Friday; but I would hope we are not precluded one way or the other. No matter what happens on this floor today, we would like to debate this subject.

We have these witnesses come before our committee. We start at 10 o'clock in the morning, and we go until 12:30 in the afternoon. We meet again at 2 o'clock, we go until 5 o'clock. We listen to Tom, Dick, and Harry. Then we get out on the floor here, and we are told that the Budget Committee thought, in its good judgment, that the chances are that the LEAA money is being wasted.

Now, who told them that? Where did they get the information? They did not hear one witness; who told them? The administration.

Has this Congress become the patsy for the administration? Must we sustain their budget? That is exactly what we are doing.

When the thing was real hot, to use the vernacular, they would not give us 10 cents for juvenile delinquency. I do not mean my remarks to be an affront to the distinguished Senator from Maine—that is why he is going to give me more time—but all I want to say, gentlemen, is that we work hard on these budgets.

I realize what the situation is, and that everyone wants to keep within the context of the estimates submitted by the administration. But what did they do on defense? They ask for every dollar, and they do not want one nickel cut. The administration knew that they had to raise it by 15 percent on defense, for the simple reason that if they did not, they knew Congress would not do it. So what do they do? They cut the social programs. They take it out on the juveniles, they take it out on the FBI, the elderly, and the sick.

They take it out on more jobs for people out of work because they know that is going to be the debate in the Chamber.

They did that with us on aid-to-education in impacted areas. They would never put 10 cents up for impacted areas. They did that because they knew that Congress would put it in. Then President Ford would go before the people on television, and he will say: "Look what they did to me. They put all that money back in."

And everyone knows that every school committee was looking for that money that had been bankrupted.

Take my own State of Rhode Island. In my own State of Rhode Island, they took everything out of Quonset Point. We expanded our schools. We built the

houses. They are all boarded up. The schoolrooms are empty.

And the Government says, "Now, you go fish or cut bait."

That is where we stand, and I hope that does not happen to us.

I repeat again. Maybe we ought to withdraw this amendment. I do not know. We ought to take up this fight at the proper time after we have had the witnesses before us.

As we were told here last Friday, "You come out with the justifications and justify, and we will change our minds."

The PRESIDING OFFICER. The Senator's additional 2 minutes have expired.

Mr. MUSKIE. Mr. President, how much time do I have remaining?

Mr. PASTORE. I think I have said it all.

The PRESIDING OFFICER. The Senator from Maine has 6 minutes remaining.

Mr. PASTORE. Mr. President, will the Senator yield me 1 additional minute?

Mr. MUSKIE. I yield 1 additional minute to the Senator from Rhode Island.

Mr. PASTORE. And this is in conclusion, because I have already reached my crescendo.

I merely state that here we are dealing with human beings. We are dealing with kids. And we are dealing with law enforcement by the FBI.

I am saying right here and now, for every nickel that you save in programs for the prevention of crime, once that crime happens, you spend a dollar. Are we going to end up being penny wise and pound foolish? I hope that does not happen.

I repeat again that I do not know what is going to happen. There are few Senators in the Chamber. The rest cannot hear this argument. Senators will not know the logic being used now, but they will be dropping in, they will be trodding in, and "If I like EDDIE MUSKIE, I will vote to go along with EDDIE MUSKIE; if I like the Senator from Oklahoma, I will go along with him—the facts be darned."

The PRESIDING OFFICER. The Senator's additional minute has expired.

Mr. PASTORE. I thank the Chair for being so generous and kind.

The PRESIDING OFFICER (Mr. NUNN). I thank the Senator from Rhode Island.

Mr. HRUSKA. Mr. President, will the Senator yield me 3 minutes?

Mr. BAYH. I am glad to yield 3 minutes to the Senator from Nebraska.

Mr. HRUSKA. I rise in support of the amendment offered by the Senator from Indiana, which has been so ably and eloquently supported by the Senator from Rhode Island.

This Senator is not prone to come to the Chamber asking for more funds. He is one who has a record of voting for or advocating fiscal responsibility in its place. Notwithstanding the noble sentiments that are explained here about sustaining the integrity of the budget and so on, Mr. President, it must be remembered that the budget-making process and the process of appropriating money are selected efforts to determine priorities.

It does not mean indiscriminate cutting. It does not mean indiscriminate appropriation. It means a selective process on the basis of priorities.

I suggest, most urgently, that the amendment which would increase the level of the functional category for law enforcement and Justice by $100 million is a high priority. Included in the amendment are funds for the administration of the Juvenile Delinquency Control Act, which was the product really of the energy and talent of the Senator from Indiana. I helped him in the adoption of that legislation because I felt strongly that the thrust of law enforcement should be directed to youths age 16 to 26. The highest percentage of crime is committed by juveniles in that age range.

Without a restoration of funds for this program, it will be starved for the second consecutive year. Last year, the Department of Justice experienced a $100 million cut in funds, most of it visited upon LEAA, and now we have another cut.

This would be a partial restoration, and it should be made. The law enforcement education program—LEEP—is a most desirable program because it trains law enforcement officers.

The PRESIDING OFFICER. The Senator's 3 minutes have expired.

Who yields time?

Mr. BAYH. Mr. President, I yield time.

Mr. HRUSKA. The LEEP program trains officers and people in the law enforcement field in all of its aspects who in the main will be devoting their talents, resources, and time to dealing with crime in that age bracket to which I have referred.

Mr. President, how can we deny funds for two such worthwhile programs, and continue to consider funds for the Federal Trade Commission's request for a line-of-business reporting program? This program, if funded, would allow the FTC to harass businesses and corporations by requiring line-of-business data. What makes the request for these funds even more outrageous is the fact that this matter is presently tied up in litigation before the courts.

The reason I mentioned this particular item, Mr. President, is to point out to my colleagues the priorities that must be considered when every effort is being made to reduce Federal spending across the board.

I agree with the Senator from Rhode Island. We have painstaking hearings in which we hear the logic, force, and basis for determining priorities. We are not dealing solely with numbers. We are also dealing with human problems and the progress, safety and security of the Nation.

I once again urge our colleagues to support this amendment in the interest of avoiding a pseudo-savings in the budget that is unsupported both in the record of the Judiciary Committee and the Appropriations Committee.

Mr. MUSKIE. Mr. President, I yield myself 2 minutes.

Mr. President, I agree with the distinguished Senators that they have made a most persuasive case. As a matter of fact, I do not challenge their case on the merits at all.

Second, I agree also that this is a tight budget, in light of the Senator's concerns, and I voted personally to put $100 million more in it in the Budget Committee.

The third point I make is that I welcome this debate. In this morning's press I read that we have provided $17 billion more for social programs than the President's budget, $17 billion more, creating the impression that somehow we have been spendthrift in the Budget Committee.

So I am delighted to have Senators of prestige, matching the distinguished Senator from Rhode Island, the distinguished Senator from Indiana, and the distinguished Senator from Nebraska, making the point that even our budget is tight and that meritorious programs are being jeopardized or are underfunded.

I think that is a demonstration of the fact that the budget discipline is working and were it not for these protests of the budget then the public might well be justified in concluding that we have too much fat here.

So I say to our colleagues, and I think my good friend from Rhode Island will understand this, that I have heard persuasive arguments of this kind from every sector of the budget, and it is not easy to say no, especially for one with my voting record and background. I mean, I am persuaded by arguments of the kind I have heard here this afternoon. But I think I have an obligation to defend the discipline imposed by this resolution, and at this point I am willing to——

Mr. BELLMON. Mr. President, will the Senator yield me a minute?

Mr. MUSKIE. I yield a minute to my good friend from Oklahoma.

Mr. BELLMON. Mr. President, I simply point out that in fiscal year 1975 the outlays for function 750, law enforcement-Justice, were $2.9 billion; for fiscal 1976 they were $3.4 billion, a jump of $500 million, and the recommendation of the Budget Committee is to stay at the $3.4 billion figure for fiscal 1977.

Mr. President, I think we have seen the occurrence happen here that we have seen in other categories. Last Friday we had extensive debate about the desirability of adding several hundred million dollars in the veterans function. Later today we are going to have arguments in favor of adding money to the agricultural function.

The problem that the Budget Committee has is that there are so many good things that everyone would like to do that we simply cannot afford.

We are trying very hard, as the chairman has said, to apportion the money we have available to do the things that Congress feels are of the highest priority. We sincerely believe that the decisions that the Budget Committee has made are such that it will allow the essential work of function 750 to go ahead, and I urge that this amendment be defeated.

Mr. BAYH. Mr. President, I am not sure how much time remains, I wish to just sum up briefly.

The PRESIDING OFFICER. The Senator from Indiana has 1 minute.

Mr. MUSKIE. Mr. President, do I have any time remaining?

The PRESIDING OFFICER. The Senator from Maine has 2 minutes remaining.

Mr. MUSKIE. I yield those minutes to the Senator from Indiana.

Mr. BAYH. My distinguished chairman and my friend has been very kind. In listening to him and my friend from Oklahoma, we are all very concerned in understanding each other's position. I think it is important to reflect on the policy implicit in the reduction in question. We want to be fiscally prudent. We do not want unnecessary spending. Yet, if this amendment of the Senator from Indiana, supported by my friends from Nebraska and Rhode Island succeeds, the budget in this component will still be $200 million less than the actual total amount we are spending this year without accounting for the impact of inflation.

When we see the never ending headlines about crime, I, for one, think we had better take a hard look at whether we are actually being prudent in assessing the overall budget allocation. As crime goes up, do we really want to spend less to prevent it?

I should emphasize that there has been a difference of opinion between the distinguished President of the United States and the Senator from Indiana. Supported by those who have spoken previously and supported by the Senator from Maryland (Mr. MATHIAS), who, because of a constituency problem is not able to be present, I have been supporting an effort to try to do something about children problems before they become adult problems and society's problems. I am not talking about the young toughs who rob and rape and pillage. We have to treat them appropriately. I am talking, however, about the grade school kids, junior high school kids, with emerging problems. We must deal with them in such a way that will prevent an escalation in the seriousness of their conduct.

We enacted this legislation in 1974. We finally forced the President to accept the $40 million that was passed by the House and the Senate. We passed $75 million last year. The appropriating committee and the authorizing committee request $100 million. The President disagrees. He is even trying to gut and eliminate the $112 million that the Senator from Maine referred to which incidentally is for programs other than prevention. The Senator from Maine has no way of knowing this, but in extending LEAA, the President has one line in S. 2112 that would excise that maintenance of effort section.

If we are concerned about crime, if we are concerned about prevention, if we are concerned about young people, we had better vote "yes" on this and join some 50 organizations such as the Boy Scouts, the Girl Scouts, the Camp Fire Girls, the YWCA, the YMCA, the National Council of Jewish Women, the American Legion Youth Committee—every organization in America that is concerned about the problems of young people and that has supported the Juvenile Justice Act from its inception. They are supporting our effort to return dollars to our communities, so that they can deal with the problems of young people where and when they can be solved—not here in Washington, not in the White House where they have no support, but in their own hometowns.

I ask unanimous consent that the list of many organizations supporting the act appear at this point in the RECORD.

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

ORGANIZATIONS ENDORSING THE JUVENILE DELINQUENCY PREVENTION ACT OF 1974 (PUBLIC LAW 93-415)

American Federation of State, County and Municipal Employees.
American Institute of Family Relations.
American Legion, National Executive Committee.
American Parents Committee.
American Psychological Association.
B'nai B'rith Women.
Children's Defense Fund.
Child Study Association of America.
Chinese Development Council.
Christian Prison Ministries.
Emergency Task Force on Juvenile Delinquency Prevention.
John Howard Association.
Juvenile Protective Association.
National Alliance on Shaping Safer Cities.
National Association of Counties.
National Association of Social Workers.
National Association of State Juvenile Delinquency Program Administrators.
National Collaboration for Youth: Boys' Clubs of America, Boy Scouts of America, Camp Fire Girls, Inc., Future Homemakers of America, Girls' Clubs, Girl Scouts of U.S.A., National Federation of Settlements and Neighborhood Centers, Red Cross Youth Service Programs, 4-H Clubs, Federal Executive Service, National Jewish Welfare Board, National Board of YWCAs, and National Council of YMCAs.
National Commission on the Observance of International Women's Year Committee on Child Development Audrey Rowe Colom, Chairperson Committee Jill Ruckelshaus, Presiding Officer of Commission.
National Conference of Criminal Justice Planning Administrators.
National Conference of State Legislatures.
National Council on Crime and Delinquency.
National Council of Jewish Women.
National Council of Juvenile Court Judges.
National Council of Organizations of Children and Youth.
National Federation of State Youth Service Bureau Associations.
National Governors Conference.
National Information Center on Volunteers in Courts.
National League of Cities.
National Legal Aid and Defender Association.
National Network of Runaway and Youth Services.
National Urban Coalition.
National Youth Alternatives Project.
Public Affairs Committee, National Association for Mental Health, Inc.
Robert F. Kennedy Action Corps.
U.S. Conference of Mayors.

Mr. MOSS. Mr. President, I rise to speak regarding the amendment which has been offered to increase budget authority and outlays by $100 million in function 750, Law Enforcement and Justice, for fiscal 1977—for juvenile justice activities.

The Budget Committee recommended $3.3 billion in budget authority and $3.4 billion in outlays function 750 for 1977, the same as the President's budget.

I support the stated objective of the amendment. However, the Budget Committee, of course, does not deal in line items and therefore I think it is inappropriate to try to treat line item matters in our consideration of the Budget resolution today.

The ultimate responsibility for determining the program mix within the budget functional areas—such as this one—is vested in the authorizing and Appropriations Committees. If these committees recommend such a change and it is the will of Congress, I believe that the increase proposed could be accommodated within the resolution.

Accordingly, I am voting against the amendment in the interest of holding down the deficit.

Mr. HUDDLESTON. Mr. President, I am concerned about the possible interpretations of the Budget Committee recommendations regarding the Law Enforcement and Justice category.

The committee has adopted the level of spending recommended by the President. The President's budget is, however, predicated on several serious reductions in important programs, including the juvenile delinquency program, LEAA block grants, LEEP, Legal Services, FBI training for local police and LEAA discretionary grants.

In fact, two of these programs would be decimated under the President's budget. One is the fledgling juvenile delinquency program. Some $40 million was appropriated for this program in fiscal 1976. Through a recission proposal, which was not accepted, the President sought to reduce this amount to $25 million, with the remaining $15 million to be used in fiscal 1977. When the recission was not approved and the entire $40 million made available by the Congress, this left only $10 million in requests for fiscal 1977. Obviously, this would seriously undercut efforts to move ahead on this program.

In the past several years, efforts to combat juvenile delinquency have been spurred across the Nation by the availability of new funds through this program. In Louisville, Ky., for example, funds have been used for Shelter House, which assists runaway children—children whose growing years are not as easy as we would hope and who need help in coping with the world around them. Personally, I do not believe this is a program on which we should skimp.

Under the President's program, the LEEP program would be eliminated. This program provides education and training programs for policemen to enable them to increase their skills and academic training. In fiscal 1975, the last year for which full figures are available, 13 institutions in Kentucky participated in this program.

The legal services program, which admittedly experienced a number of problems in its very early years, has been restructured as a public, nonprofit corporation and is pursuing its responsibility of providing legal services for those who otherwise would be unable to afford them.

The Senate Appropriations Subcommittee on State, Justice, Commerce, of which I am a member, recommended to the Budget Committee that provision be made above the President's budget for these programs, and I understand that the House has taken that course. I believe these are important programs which should not be stymied and I do not want to suggest that I approve of the reductions recommended in the President's budget. For that reason, I am supporting the amendment offered by the Senator from Indiana.

Mr. BAYH. Mr. President, I ask for the yeas and nays, if the Senator from Maine thinks it is appropriate at this time.

The PRESIDING OFFICER. Is there a sufficient second? There is not a sufficient second.

The yeas and nays were not ordered.

Mr. MUSKIE. Why do we not ask for the yeas and nays at some point in the next debate?

Mr. BAYH. At any time the Senator from Maine feels it is appropriate, I would like to ask for the yeas and nays.

The PRESIDING OFFICER. All time has expired.

Under the previous order, the Chair recognizes the Senator from New York (Mr. BUCKLEY) to offer an amendment on which there will be 1 hour of debate.

AMENDMENT NO. 1589

Mr. BUCKLEY. Mr. President, I call up my amendment No. 1589.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from New York (Mr. BUCKLEY) proposes an amendment in the nature of a substitute, numbered 1589.

The amendment in the nature of a substitute is as follows:

Strike out all after the resolving clause and insert the following:

That the Congress hereby determines and declares, pursuant to section 301(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on October 1, 1976—

(1) the appropriate level of total budget outlays is $405,800,000,000;

(2) the appropriate level of total new budget authority is $450,400,000,000;

(3) the amount of deficit in the budget which is appropriate in light of economic conditions and all other relevant factors is $43,400,000,000;

(4) the recommended level of Federal revenues is $362,400,000,000, and the amount by which the aggregate level of Federal revenues should be decreased in $15,300,000,000; and

(5) the appropriate level of the public debt is $702,600,000,000, and the amount by which the temporary statutory limit on such debt should be accordingly increased is $56,400,000,000.

SEC. 2. Based on the appropriate level of total budget outlays and total new budget authority set forth in paragraphs (1) and (2) of the first section of this resolution, the Congress hereby determines and declares, pursuant to section 301(a)(2) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1976, the appropriate allocation of the estimated budget outlays and new budget authority for the major functional categories is as follows.

(1) National Defense (050):

(A) New budget authority, $113,000,000,000.

(B) Outlays, $7,000,000,000.

(2) International Affairs (150):

(A) New budget authority, $9,100,000,000.

(B) Outlays, $7,000,000,000.

(3) General Science, Space, and Technology (250):

(A) New budget authority, $4,600,000,000.

(B) Outlays, $4,500,000,000.

(4) Natural Resources, Environment, and Energy (300):

(A) New budget authority, $17,600,000,000.

(B) Outlays, $15,100,000,000.

(5) Agriculture (350):

(A) New budget authority, $2,300,000,000.

(B) Outlays, $1,900,000,000.

(6) Commerce and Transportation (400):

(A) New budget authority, $15,100,000,000.

(B) Outlays, $17,600,000,000.

(7) Community and Regional Development (450):

(A) New budget authority, $7,400,000,000.

(B) Outlays, $7,800,000,000.

(8) Education, Training, Employment, and Social Services (500):

(A) New budget authority, $21,100,000,000.

(B) Outlays, $19,300,000,000.

(9) Health (550):

(A) New budget authority, $39,400,000,000.

(B) Outlays, $36,600,000,000.

(10) Income Security (600):

(A) New budget authority, $162,900,000,000.

(B) Outlays, $137,700,000,000.

(11) Veterans Benefits and Services (700):

(A) New budget authority, $20,000,000,000.

(B) Outlays, $19,300,000,000.

(12) Law Enforcement and Justice (750):

(A) New budget authority, $3,300,000,000.

(B) Outlays, $3,400,000,000.

(13) General Government (800):

(A) New budget authority, $3,700,000,000.

(B) Outlays, $3,600,000,000.

(14) Revenue Sharing and General Purpose Fiscal Assistance (850):

(A) New budget authority, $7,300,000,000.

(B) Outlays, $7,400,000,000.

(15) Interest (900):

(A) New budget authority, $40,400,000,000.

(B) Outlays, $40,400,000,000.

(16) Allowances:

(A) New budget authority, $600,000,000.

(B) Outlays, $700,000,000.

(7) Undistributed Offsetting Receipts (950):

(A) New budget authority, —$17,400,000,000.

(B) Outlays, —$17,400,000,000.

SEC. 3. The Congress hereby determines and declares, in the manner provided in section 310(a) of the Congressional Budget Act of 1974, that for the transition quarter beginning on July 1, 1976—

(1) the appropriate level of total outlays is $102,200,000,000;

(2) the appropriate level of total new budget authority is $95,800,000,000;

(3) the amount of the deficit in the budget which is appropriate in the light of economic conditions and all other relevant factors is $16,200,000,000;

(4) the recommended level of Federal revenues is $86,000,000,000; and

(5) the appropriate level of the public debt is $646,200,000,000, and the amount by which the temporary statutory limit on such debt should be accordingly increased is $19,200,000,000.

Mr. BUCKLEY. Mr. President, this is an amendment in the nature of a substitute. I offer it on my behalf and on behalf of the Senator from Idaho (Mr. MCCLURE).

Unfortunately, the Senator from Idaho is unable to be here today because of a death in his family, I am sorry to say, but he has asked that I submit on his behalf, for the RECORD, a statement that he prepared in which he expresses serious concern about the use of current policies instead of current law as the basis for our deliberations. I believe that this analysis will be very constructive for the Senate as a whole, and I ask unanimous consent that his statement be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. BUCKLEY. Mr. President, as we proceed with the debate or the first concurrent resolution, and of the amendments that have thus far been offered, I fear we may be missing the full significance of what we are about. For the first concurrent resolution represents far more than a series of recommended limits on spending in specific categories, a recommended level of revenues, and a resulting deficit. What we are engaged in represents far more than that: It is a statement of economic policy, of the Senate's overview of the macroeconomic consequences of Federal expenditures and Federal taxation; it reflects the degree of the Senate's determination not only to contain the rate at which we are creating new Federal programs and the rate of growth of old ones, but of its determination to seek economies where they are achievable, and to reexamine existing programs to determine which ones may have outlived their usefulness.

On both scores, the recommendations of the majority of the Budget Committee are seriously flawed. The economic thinking that went into their formulation reflects the discredited Keynesian theories that have led this country into successive cycles of ever steeper inflation and deeper recession. The refusal to initiate a reexamination of existing programs, especially those giving rise to the so-called uncontrollable expenditures, reflects an acceptance of a gradual expansion of the governmental role in the economic sphere at the expense of private initiatives and investment.

The policies and attitudes embedded in the first concurrent resolution, if it is adopted, will not only give rise to inflationary expectations that can impede our current recovery, but it will undermine confidence in the future strength and real growth of the American economy.

These factors, and excessive Federal preemption of available capital, will necessarily impede the ability and willingness of the private sector to make the capital commitments required if we are to establish long-term, productive jobs at full employment levels. The Senator from Idaho (Mr. MCCLURE) and I have elaborated on these points in the minor-

ity views printed in the committee report. I ask unanimous consent to have the minority views printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 2.)

Mr. BUCKLEY. At this point, I believe that perceptions as to economic policy and the future role of government in the economy are as important, perhaps even more important, than the actual size of the deficit we will be incurring in fiscal year 1977. At the same time, I fully recognize the practical difficulty of enacting the major revisions in existing statutes that would enable us to make a very significant reduction in total outlays in the near term. Accordingly, I am offering a substitute first concurrent resolution that while achieving only a modest reduction in outlays and projected deficit will nevertheless reflect an economic overview that is more certain to achieve what ought to be our national goal of steady economic growth and full employment without inflation while at the same time signalling the intention of Congress to put the Federal Government's house in order, and to begin the slow but necessary job of diminishing its overall impact on the economy.

Our substitute would make reductions aggregating $6.8 billion in five categories; namely, functions 300—natural resources, environment and energy; 400—commerce and transportation; 500—education, employment, training and social services; 550—health; and 600—income security.

This proposal, which would reduce the Budget Committee's recommended outlays by only 1.65 percent, does not require radical surgery. In fact, when the Appropriation Committee's recommendation for function 600 is adjusted to reflect the $3.8 billion reduction in estimated outlays for public assistance programs reflecting the better than anticipated economic recovery, my substitute resolution would result in total outlays, for fiscal year 1977, of only $300 million below the aggregate recommendations of the Appropriations Committee. I believe, in short, that the savings I propose are both realizable and politically realistic—especially in an election year in which the people are demanding greater economy in Government, if only we in the Congress will be willing to listen to all of the people instead of just some of the people.

Adoption of my proposal would also mark a significant step in the direction the Congress ought to be going in the formulation of current and future fiscal policy. In the first instance, it would avoid a transfer of $6.8 billion away from productive private investment in long term, wealth-producing jobs to largely nonproductive public uses. It will signal a serious determination to move away from inflationary deficits which will reflect itself in lower interest rates and help reinforce the confidence needed to accelerate capital investment in our economy.

It will help produce that confidence and release that capital, not by eliminating essential services or drastically cutting expenditures at random, but, in large part, by forcing the managers of the public sector to reduce identifiable waste and make more efficient use of the taxpayers' dollars.

While the reductions in outlays reflected in the substitute are modest—in fact, far more modest than I would like to see—they represent a rejection of the macroeconomic thinking reflected in the Budget Committee's report, thinking that wholly ignores the lessons of recent history by attempting to push economic expansion faster than the real forces of the economy will permit.

The policy that undergirds the committee report can only lead us to further and more rapid price level inflation, which, in turn, would in all likelihood trigger another and perhaps even more severe recession. Because our recovery remains fragile, because confidence is not fully restored, it is particularly important that we seize this unique opportunity to demonstrate that Congress is discarding the discredited policies of the past and that it intends to move forward with a combination of fiscal and monetary policy that can restore stability with high levels of employment and production, not only in the months ahead, but in the years ahead.

Mr. President, I have sent Members of the Senate a table comparing the budget authority and outlay levels provided for in my substitute with those recommended by the administration, the Committee on Appropriations, and the Committee on the Budget. I ask unanimous consent that the table be printed at this point in the RECORD.

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

COMPARISON OF OUR RECOMMENDATIONS WITH THOSE OF THE PRESIDENT, THE APPROPRIATIONS COMMITTEE AND THE BUDGET COMMITTEE

| | Functon/title | President's budget | | Appropriations Committee | | Budget Committee | | Buckley | |
|---|---|---|---|---|---|---|---|---|---|
| | | Budget authority | Outlays | Budget authority | Outlays | Budget authority | Outlays | Budget authority | Outlays |
| 050 | National defense | 113.3 | 101.1 | 114.9 | 101.1 | 113.0 | 100.9 | NC | NC |
| 150 | International affairs | 9.7 | 6.9 | 9.7 | 6.8 | 9.1 | 7.0 | NC | NC |
| 250 | General science, etc. | 4.6 | 4.5 | 4.6 | 4.5 | 4.6 | 4.5 | NC | NC |
| 300 | National resources | 9.7 | 13.8 | 11.6 | 15.1 | 18.0 | 15.6 | 17.6 | 15.1 |
| 350 | Agriculture | 2.3 | 1.9 | 2.3 | 2.2 | 2.3 | 1.9 | NC | NC |
| 400 | Commerce/Transportation | 17.9 | 16.4 | 19.1 | 18.1 | 16.1 | 18.6 | 15.1 | 17.6 |
| 450 | Community development | 5.9 | 5.7 | 6.6 | 7.1 | 7.4 | 7.6 | NC | NC |
| 500 | Education, etc. | 16.0 | 17.6 | 21.8 | 20.0 | 22.4 | 21.4 | 21.1 | 19.5 |
| 550 | Health | 38.0 | 35.5 | 39.7 | 35.4 | 40.4 | 37.6 | 39.4 | 36.6 |
| 600 | Income security | 157.3 | 136.5 | 168.6 | 143.9 | 163.7 | 140.1 | 162.9 | 137.7 |
| 700 | Veterans | 17.7 | 17.2 | 18.1 | 17.5 | 20.0 | 19.3 | NC | NC |
| 750 | Law enforcement | 3.3 | 3.4 | 3.5 | 3.5 | 3.3 | 3.4 | NC | NC |
| 800 | General government | 3.5 | 3.4 | 3.7 | 3.6 | 3.7 | 3.6 | NC | NC |
| 850 | Revenue sharing | 7.3 | 7.4 | 7.3 | 7.4 | 7.3 | 7.4 | NC | NC |
| 900 | Interest | 41.3 | 41.3 | 41.3 | 41.3 | 40.4 | 40.4 | NC | NC |
| | Allowances | 1.7 | 1.5 | 2.6 | 2.3 | .6 | .7 | NC | NC |
| 950 | Undistributed official receipts | 18.8 | −18.8 | −18.8 | −18.8 | −17.4 | −17.4 | NC | NC |
| | Total | 430.6 | 395.2 | 449.4 | 408.1 | 454.9 | 412.6 | 450.4 | 405.8 |

Mr. BUCKLEY. As I believe it important to avoid the temptation of transforming the budget process into an examination of each line item within a function, I shall try to keep my observations on the reductions I propose as generalized as possible. I would also observe that, in arriving at my figures, I sought totals that could be accommodated in more than one way, or through a little across-the-board belt tightening. In the interest of time, I shall discuss only the outlay figures.

The first function that we would affect would be function 300, Natural Resources. Our figure reflects a 3.2 percent reduction from the recommendations of the Committee on the Budget and is a figure that is identical with that recommended by the Committee on Appropriations. There are various alternatives by which the disparity between the Budget Committee's recommendations and the figures that I propose could be bridged.

For example, in the energy subfunction, we have a growth of 18 percent over the prior year. We also see an increase in the Water Resources subfunction well above current policy, which, in turn, would call for expenditures of almost half a billion dollars above the President's request.

Under the circumstances, I see no reason why we should not accept the recommendations of the Committee on Appropriations. That committee, I suggest, has at least as much expertise and is at least as well informed as the Committee on the Budget.

Now I come to function 400, commerce and transportation. I show a reduction of 5.4 percent below the recommendations of the Committee on the Budget and a 2.7-percent reduction below the Appropriations figure. On the other hand, my figure of $17.6 billion is $1.2 billion higher than the President's request. Of course, an easy way to bridge the gap

that I suggest would be to allow part or all of the Post Office deficit to be continued to be funded through the Federal Financing Bank as is the current practice, at least pending further debate on the future of the Post Office. The President's proposals, I think, indicate other areas in the transportation functions themselves where there is adequate room for stretching out expenditures, delaying certain projects, and, in effect, coming up with a 2.7-percent savings that the Committee on Appropriations recommended.

We go on to function 500, education. In this function, the figures that I have reflect an 11 percent cut below the recommendations of the Committee on the Budget, but only a 2.5-percent cut below the Appropriations request, while setting a target of almost $2 billion more than the President's budget proposal. I believe in the budget presented by the President, we see a variety of areas where a determined authorizing committee could shave some money here, adjust programs there, and achieve that 2.5 percent saving below the appropriation figures.

I point, for example, to the President's proposal for the consolidation of programs, for the elimination of the impact aid in areas that were impacted almost a generation ago, when what was clearly an original need is no longer served by the money we continue to pour into these dual systems.

There are also various proposals for phasing out CETA and so forth. I am using these only as examples, but the fact is that if we were to adopt the level proposed in my substitute, we would force a reexamination of existing programs; we would force efficiencies; we would force the authorizing committees to take what is, in many instances, hard political action, but, nevertheless, action that is required if we are serious about beginning to restrict the size of the Federal Government and ultimately achieving a balanced budget.

The next function in which we recommend a reduction over the Budget Committee's proposal is in function 550, health. Here, our proposal is 2.5 percent below the recommendation of the Committee on the Budget but, by the same token, it is 3.4 percent above the recommendation of the Committee on Appropriations. Our figure represents more than $1 billion in outlays that was recommended, either by the administration or the Committee on Appropriations. I believe that we can rely again on the expertise of the Committee on Appropriations in judging our needs, judging our capabilities, and judging the relative wisdom of various programs.

Again, I believe that there is ample latitude allowed, given the size of the budget and the size of the function, for the authorizing committees to seek out areas for economies, seek out areas for tightening administration. In point of fact, it would be my judgment that the entire saving could be achieved merely by increasing the efficiency with which we deliver our medical aid services, if we merely spent a little bit of time and attention avoiding the gross abuses that are hurting the people who are supposed to be the beneficiaries of these health programs.

I call the Senate's attention to an editorial that appeared on February 22 in the Washington Post. In that editorial, it was indicated that the Senate Committee on Aging had estimated that $1.2 billion of savings could be achieved in the Medicare and Medcaid expenses alone by correcting the fraudulent practies by which unnecessary lab tests were conducted and the bill passed on to Uncle Sam.

I repeat, the reductions that I have in mind will not affect the quality or entitlement to health care of our poor or our aged. Rather, I suspect that if we force the administrative adjustments and better management that such a move would engender, we would find ourselves in a situation where we would probably be delivering this medical assistance much more effectively, and much more efficiently, to the benefit of the beneficiaries.

The final category in which we recommend a reduction is function 600, income security. Here our proposal would represent a 1.7 percent reduction below the recommendation of the Committee on the Budget. This would be closed to the figure of the Committee on Appropriations if adjusted to represent the $3.8 billion savings represented by the administration's reestimate of what will be the cost of these various public assistance programs, given the more rapid recovery from the recession than had earlier been estimated.

The figure that we recommend is $1.2 billion above the administration's. And our figure is $2.4 billion below the $140.1 billion recommended in the first concurrent resolution submitted by the Budget Committee. One billion dollars of this can be accounted for simply by accepting in full the administration's estimate that I referred to a moment or so ago.

I believe that the economic statistics fully justify that acceptance. Therefore, we are talking about bridging not $2.4 billion but $1.4 billion or 1 percent of the total amount recommended by the Budget Committee.

I believe if we go halfway or go further along the lines of accepting a number of the administration's legislative and administrative reform proposals, that we could easily absorb $1 billion.

As a matter of fact, I am reminded that the Senator from Nebraska (Mr. CURTIS) has proposed reforms in the area of the AFDC program which, alone, could account for annual savings of $1 billion.

Mr. President, that summarizes the substance of our proposal. As I say, it is really more of a symbolic saving than a major saving. But symbolism can be of enormous importance when we consider the psychology that comes into play when we are talking about recovery, when we are talking about investor confidence, when we are talking about the huge commitments of capital that are required in order to bring us back into full employment, in order to assure ourselves that we will be creating the 15 million to 18 million new jobs that we will require between now and 1985.

Mr. President, I reserve the remainder of my time.

The exhibits follow:

EXHIBIT 1

STATEMENT BY SENATOR MCCLURE

The inherent deficiencies of the Budget Resolution are, in part, technical.

The Budget Committee utilized, as a base for its spending levels, figures which reflect "current policy." Current policy automatically provides a higher budgetary base than either current law or the now familiar concept of current services. Current policy provides, for each program and function, an annual increase to offset the effects of inflation regardless of whether such increases are mandated or not. In addition, it presumes that the legislation contemplated in the Second Concurrent Resolution for fiscal year 1976 will be funded at the levels assumed in the prior resolution. Finally, "current policy" prejudges Congressional reauthorization action with respect to certain programs which may be terminated. The result is an upward bias which propels expenditures ever higher with a momentum which has been provided neither in law nor in practice.

Current policy is, in short, a giant "hold harmless" provision for all programs. The net effect of this approach is to validate inflation in every area of governmental spending rather than to use government policy as a restraining mechanism, the deficits which caused inflation are perpetuated, while the budget becomes insulated from inflation's erosive effects, the circle is closed, the loop is now complete. It appears obvious to me that a superior base from which the Committee could begin its deliberations is provided by projecting figures which represent current law or that level of spending which has been mandated by the specific actions of this and prior Congresses. Current policy approaches are particularly repugnant at a time when government at all levels should be moving toward some variant of zero based budgeting, a system in which there exists no such thing as "uncontrollable" expenditures.

For example: The effect of using current policy rather than current status or the levels of Second Concurrent Resolution adjusted for subsequent Executive and Congressional action, results in the following upward bias in Function 300:

| *Current status* | | *Current policy* | |
|---|---|---|---|
| BA | Outlays | BA | Outlays |
| 9.2 | 11.8 | 10.7 | 15.2 |

Amendments to the Committee's suggested budget have been offered. I find those which eliminate the concept of current policy to be consistent with a reduction in the deficit and the achievement of budgetary balance, and full employment at stable prices.

*300*

| | 1976 | |
|---|---|---|
| | *BA* | *O* |
| Former Current Status | 17,999 | 10,946 |
| Supplementals | +182 | +170 |
| Rescissions | −95 | −10 |
| Proposed Legislation | +598 | +46 |
| Increase in Offsetting Receipts | −120 | −120 |
| Permanent | +18 | +149 |
| Appropriations | +311 | −217 |
| | 18,893 | 11,513 |
| Functional Shifts | 295 | 284 |
| | 19,188 | 11,797 |
| | or 19.2 | or 11.8 |
| Onetime BA for TVA | −10.0 | |
| Totals — current status | 9.2 | 11.8 |

EXHIBIT 2

MINORITY VIEWS OF SENATORS JAMES L. BUCKLEY AND JAMES A. MCCLURE

A PROPOSAL FOR NONINFLATIONARY GROWTH

*Nunc est tempus futurum*

As a part of the report of both the First and Second Concurrent Resolutions on the Budget for 1976, we feel compelled to enter Minority views. Once again it is necessary for us to dissent from the position taken by the majority of our colleagues.

The budget process has yielded the first stage of its statutory output, a proposed budget, in the form of a First Concurrent Resolution. The process, however, has failed to produce a budget that will impose the kind of discipline on government that alone will insure budgetary balance as we approach full employment in the years ahead.

The basic concepts of budgeting are everywhere the same. Households, corporations, and governments each face the problems which are inherent in a situation where the resources available fall far short of those required to achieve a level of outcomes which is at once perceived to be both necessary and desirable. The first function of a budget process then becomes one of establishing priorities and formulating a plan consistent with those priorities. Our priorities, in a period of persistent inflation must reflect our continued commitment to the protection of the purchasing power of those dependent on fixed incomes such as the elderly; the provision of real jobs to the young and the disadvantaged who require a stable and healthy economy for their continued livelihood. Justice compels us to recommend an alternative set of economic policies which alone will achieve the type of real growth which will preserve the standard of living of those on fixed incomes and provide expanding employment opportunities consistent with the potential productivity of our young people.

The budget itself is an expression in financial terms of the will and the discipline of the Congress. The process through which that budget is formulated is fully implemented for the first time this year. We can now determine whether this process is a viable one. The budget process provides for an examination of priorities and requires the flexibility to meet emerging needs and adjust on-going programs within the context of a non-inflationary level of Federal spending. In both of these respects, the First Concurrent Resolution is seriously deficient.

CURRENT POLICY

The Budget Committee utilized as a base for its spending levels, figures which reflect "current policy". Current policy automatically provides a higher budgetary base than either current law or the now familiar concept of current services. Current policy provides, for each program and function, an annual increase to offset the effects of inflation regardless of whether such increases are mandated or not. In addition, it presumes that the legislation contemplated in the Second Concurrent Resolution for fiscal year 1976 will be funded at the levels assumed in the prior resolution. Finally, "current policy" prejudges congressional reauthorization action with respect to certain programs which may be terminated. The result is an upward bias which propels expenditures even higher with a momentum which has been provided neither in law nor in practice.

Current policy is, in short, a giant "hold harmless" provision for all programs. The net effect this approach is to validate inflation in every area of governmental spending rather than to use government policy as a restraining mechanism. The deficits which caused inflation are perpetuated, while the budget becomes insulated from inflation's erosive effects. The circle is closed, the loop is now complete. It appears obvious to us that a superior base from which the Committee could begin its deliberations is provided by projecting figures which represent current law or that level of spending which has been mandated by the specific actions of this and prior Congresses. Current policy approaches are particularly repugnant at a time when government at all levels should be moving toward some variant as zero based budgeting, a system in which there exists no such thing as "uncontrollable" expenditures.

ECONOMIC IMPLICATIONS

As a part of our dissent from the Second Concurrent Resolution for FY 1976, we included an economic forecast which we believed to be consistent with the consequences of the Resolution. That forecast, like any prediction, was made with some trepidation since the shores are littered with the bleached bones of errant forecasters. At that time we said in part:

The economic picture for the next few months is fairly clear. We can expect to see rates of real GNP growth in the 9–10 percent range for the remainder of FY 76. The rate of price will moderate as higher food and fuel prices have worked their way through the productive sector. The rate of unemployment will fall but will probably remain in the area of 7 percent at the end of FY 76. Based on past experience we can expect that money will be much higher than many observers predict and that $M_1$ will grow by at least 8 percent between now and the end of FY 76.

The correct policy response to the situation which will develop in 1977 would involve programs designed to increase corporate cash flow and to reduce the costs of borrowing. In short, monetary and fiscal policy must focus now on investment rather than the consumption. Our failure to take such action will produce an increase in aggregate supply and will surely occasion the same kinds of shortages and price explosions which were evident in 1974.

As we had predicted, real growth in GNP was at a level of 8.4 percent in the last two quarters of 1975. In addition, the rate of inflation moderated as we had assumed. In like manner, the rate of unemployment fell rapidly in line with our estimates, and our prediction of a rapid rate of growth in the money supply, as measured by $M_1$ (currency and demand deposits), is just now beginning to materialize. It can be anticipated that the rate of growth in $M_1$ will surge as the prime rate becomes increasingly more competitive and business and consumer debt begins its inevitable climb. The money stock as gauged by any measure other than $M_1$ clearly reflects a pool of liquidity which has been conspicuously developed by the Federal Reserve. Inasmuch as it is unlikely that Federal Reserve policy will become suddenly restrictive, the potential for rapid $M_1$ growth remains and that potential will be activated by private sector debt creation within the banking system. In short, our view of the economy in the near term remains unchanged. Economic growth which is generated by consumption oriented deficit, restricted capital growth, vast programs of public service employment and inflationary rates of monetary growth cannot be sustained.

This Budget Resolution like its predecessors will, in a significant manner, both contribute to a decline in the rate of economic growth and a renewal of inflation in calendar 1977. The specific projections of our long run economic forecast and their underlying rationale are unchanged from those which we included in our dissent from the Second Concurrent Resolution for FY 1976. They can, however, be profitably updated and reiterated.

The execution of the expansionist fiscal policies of the First Concurrent Resolution will proceed as interest rates are rising in the final quarter of 1976. By this same time, consumer prices will have resumed their upward spiral and inflation may well be in the range of 6 to 8 percent. In and of themselves, these factors will not compromise the ongoing recovery, and we can expect that in the latter half of 1976 the demand for automobiles, housing, and other consumer durables will be high. In addition, plant and equipment outlays in the private sector will rise by 9–11 percent in constant dollar terms. This strength in consumer spending and business investment will be fueled by large increases in salary income and corporate profits respectively.

A strong recovery will continue into early 1977 but as the pace begins to tell, real GNP growth will probably not exceed 5 to 6 percent in the initial two quarters of 1977. It is at this point that we fully expect to see a long-delayed tightening of monetary policy and the development of production bottlenecks and shortages. The net result will be evidenced in a declining rate of real GNP growth and the strong possibility of yet another recession.

This long term forecast implies a very different view of the noninflationary potential rate of economic growth than that assumed by the Congressional Budget Office. The CBO projections which provided the basis for the macroeconomic assumptions of the First Concurrent Resolution presume that plant and equipment currently in place guarantee the fact that rapid economic growth may be achieved with only modest inflationary consequences. In short, they assume that we are currently operating at approximately 72 or 73 percent of total capacity. We believe that rate is closer to 80 percent. The CBO estimates of economic slack and potential GNP fail to recognize the fact that productivity growth has declined in recent years and that the productive capital stock actually declined in 1975. This reduction represented the first such decline since World War II. Finally, it should be noted that what excess capacity exists in the economy is unevenly distributed among industries and between the various phases of production from raw materials to finished goods. Consequently, the existence of some level of unutilized aggregate capacity may well be unrelated to the emergence of production bottlenecks and shortages in the economy.

ECONOMIC RECOVERY

One of the major oversights made by the Budget Committee was its disregard for the potential of the private sector. Signs of a healthy expansion in economic activity abound, yet the Budget Committee recommends a deficit of $50.2 billion; a deficit which will pull resources out of the more productive private sector and into projects of questionable value in the public sphere, or, alternatively, will force an unhealthy growth in the money supply thus generating a new round of price level inflation and a consequent recession.

Consider the most recent indicators. Increased consumer sales have reduced inventories to the reorder point so that basic production must increase. The spurt in retail sales first observed in December of 1975 has carried over into the first quarter of 1976. Inflation has subsided in recent months to a level far below most expectations. However, the stock of "high-powered money" (the monetary base: consisting of currency in circulation and member bank deposits at the Federal Reserve Banks) has grown at a rate of 6.6 percent in recent months, an indication that the overall money supply can probably be expected to increase markedly in the near future.

The most encouraging economic indicator has been the decline in the unemployment rate, a decline which has been more rapid than had been predicted by others. We are now at a 7.5 percent unemployment rate, a target originally thought to be attainable

only by year's end. Clearly, private sector expansion in the coming year will be relatively more vigorous than anticipated.

All of these indicators, however, have not prevented the Budget Committee from adopting a policy which could easily transform a healthy revival into another bout with inflation and consequent recession. Adoption of the Committee's growth target, based as it is on outdated and faulty economic philosophy, may induce such inflation. For any stimulative effect to be felt, a sizable portion of the large deficit would have to be monetized by the Federal Reserve, since any part of the deficit which is not monetized is not stimulative. Additionally, the large drain of resources into the public sector, far from increasing our real economic well-being removes capital and labor to a less efficient sector of the economy.

MONETARY GROWTH POLICY

Clearly, the recommendation for monetary growth implicit, but curiously unstated, in the recommendation of the Budget Committee does not portend well for the steady economic improvement envisioned by the Majority document. The recommended plan of adjusting the growth of the money stock to adapt to current trends will do little to stabilize the economy. We know that changes in the growth of the money supply only effect economic activity with a delay of well over a year. Stimulative policies which one might like to see impact today may not be effective until some future year when the economy may be already at full employment. A more responsible policy in the long run would involve the adoption of a course of monetary growth which fixes that growth to accommodate real economic progress and stable price levels. Such a policy would avoid the impossible task of trying to "fine tune" a complicated and little understood mechanism. Further, it would reduce investor uncertainty as to future monetary policy. Resulting increases in investor confidence can only contribute to the soundness of the Nation's economic health.

In view of the evidence presented to the Committee with respect to the potential inaccuracy of even the short run forecasts of economic activity, we cannot help but believe that monetary growth policies designed to produce countercyclical stimulation would be dangerous and unsound. Deviations from the long run trend of monetary growth can be shown to induce in part changes in real production and in part changes in price levels; but economists have such limited understanding about how much of the effect is on real production and how much is on the price level, that we urge an accomodative and stable monetary growth policy designed to match the long run growth potential of the economy.

In testimony before the Budget Committee, Federal Reserve Board Chairman Arthur Burns stated that congressional guidance in the area of monetary policy would be weighted heavily by the Federal Reserve Board. We believe that this opportunity to work toward achieving a reasonable and prudent approach in this area of economic policy should not be ignored. A monetary growth policy directed at the eventual achievement of a constant growth rate of approximately 4 percent in the monetary aggregate known as $M_1$ (currency plus demand deposits) should be adopted by the Congress in order to forestall an expansionary period characterized by inflation and followed by recession.

JOB CREATION

The most tragic aspect of the recession which we have just experienced is the unemployment of millions of wage earners throughout the economy. We feel that the most important reason for achieving a long-lasting recovery and a stable price level is the attainment of full employment where wages are not eroded by constant inflation. Economists have long recognized that wage earners are among the chief victims of price level inflation, and it is, therefore, essential that the Congress adopt policies which encourage relative stability and a constant price level. It is disheartening to see the Budget Committee recommend to the Senate an expenditure and revenue package which produces a deficit of $50.2 billion. The effect of such a large deficit during a phase in the business cycle when expansion is already moving ahead rapidly will be to drain away resources sorely needed by the private sector, where productive and lasting employment could actually develop. Instead, the Committee would have these resources directed into public service employment which pays low wages, demoralizes the participants, and burdens taxpayers far beyond the value of the services provided. We have supported within the framework of the Resolution policies which will generate jobs and investment of a lasting and productive nature. Such policies will generate employment for hundreds of thousands of jobless Americans and, at the same time, contribute to the real stock of national assets and to the achievement of long range national goals. The deficit proposed by the Budget Committee can only frustrate the potential for creating *real* jobs and exacerbate future inflation which saps the purchasing power of all employees' wages.

THE FULL EMPLOYMENT SURPLUS CONCEPT

In addition to the inherent deficiencies which would be a part of any resolution designed to conform to a Keynesian world view, the Committee's Resolution labors under the additional burden imposed by a well-intentioned, but misleading measure of fiscal policy. That is to say, the measurement of fiscal policy in terms of the "full employment surplus or deficit". At best, this policy serves to indicate the hypothetical status of the budget on the assumption of full employment. It should not be used as a policy planning device when full employment is unattainable in the near future. Used in such an inappropriate manner, it creates the mistaken impression of providing a fiscal blueprint for the actual attainment of full employment.

The use of fiscal policy to stimulate and direct the level of economic activity, as applied within a Keynesian context, was once conceived to be a panacea for all problems associated with stabilization. During the past 40-odd years it has failed to provide an effective substitute for the free market as a system for directing economic growth and distributing the material rewards of that growth. Bad theory cannot be validated by the endless expenditure of funds and the creation of deficits. It is our conviction that the policy of returning more resources to the working men and women of this country will create a more lasting and equitable solution to the problems of inflation and unemployment.

Productive purposeful employment may be said to be the "bottom line" of a Federal budget, but, in the final analysis, jobs cannot simply be called into being by the wish of the Federal Government. The jobs that government "creates" are basically the result of transferring resources from private individuals and disposing of those resources in what is hoped to be a beneficial manner.

This does not create jobs or wealth, it merely redistributes them. Jobs are created by savings and investment in productive enterprise. The very policies of government that are intended to provide jobs do so in the short run by transferring funds into current consumption and away from savings and investment, away from the uses that would provide real jobs for the future. Federal policy presently incorporates a tax bias against the real force of jobs creation. As a real contribution to jobs creation, then we would do well to investigate the alternative tax credits for appropriate savings and investment. We would increase the flow of real savings and, by this means, we would enhance the economy's ability to provide a durable framework in which jobs would be both productive and secure, qualities too often lacking in Federal "jobs creation" programs.

CONCLUSION

We emphasize once more, as we have in previous dissents, that there is great potential in the new budget process for controlling expenditures and ordering our national priorities, but we feel that the process is viable only so long as we face up to the reality that there is a limited pool of resources which must be allocated between the private and public sectors in a manner which recognizes those functions most efficiently served by each sector.

The proposed First Concurrent Resolution for FY 1977 neglects this need for discipline and attempts to accomplish too much. The large deficit found in that Resolution will not support the long range goals of stable employment and reduced inflation which we feel are the chiefs clients of the budget process.

JAMES L. BUCKLEY.
JAMES A. MCCLURE.

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator from New York yield?

Mr. BUCKLEY. Gladly.

How much time do I have remaining?

The PRESIDING OFFICER. The Senator from New York has 14 minutes remaining.

Mr. HARRY F. BYRD, JR. I commend the able Senator from New York for the hard work he has put into this matter. I know how hard he has worked on this.

As I understand the proposal it would reduce the proposed spending by approxitely $7 billion.

Mr. BUCKLEY. That is correct.

Mr. HARRY F. BYRD, JR. I will support the amendment offered by the Senator from New York. It is in the nature of a substitute and, if it is approved, it would take the place of the pending measure, as I understand it.

Mr. BUCKLEY. That is right.

Mr. HARRY F. BYRD, JR. I think the Senator from New York is to be highly commended for the tremendous amount of work that he put into developing this substitute proposal.

As the Senator from New York has pointed out, it is somewhat symbolic but, on the other hand, there is a large amount of tax funds which would be saved, nearly $7 billion and, as a Senator from Virginia, I would like to support the Senator from New York on two counts: One, the symbolic count, and also on the dollar savings.

Mr. BUCKLEY. Mr. President, I thank my friend from Virginia who now, as always, has been particularly concerned over the need for the Congress of the United States to make a more genuine effort or a more active effort to bring our books into balance.

I reserve the remainder of my time.

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

Mr. President, I believe the two most significant words used by the distinguished Senator from New York were the words "symbolic" and "psychological" effect.

The fact is that the budget process, if

it has done anything at all for the Congress in this year and a half or so we have been in business, is we have tried to get down to the real facts of the case and get away from some of the symbolic activities that have gone on in the past. I refer particularly to the budget that the President sent us.

Last year's budget had in it a figure of some $8 billion as anticipated revenues from the Outer Continental Shelf. We all knew it was an impossible figure to obtain, and Congress reduced it. By presenting these figures it makes the President's budget look better than it really is.

Some of the things that Senator BUCKLEY proposes now have precisely the same effect. For instance, in category 400, commerce and transportation, the distinguished Senator from New York proposes a reduction of $1 billion. All this would do would be to force the Post Office Department or the Postal Service to go ahead and borrow the money on their own. They would be competing in the same capital markets for the money as if the Treasury borrowed these funds, and the effect would be purely cosmetic.

It might be symbolic if we could say the budget is $1 billion less, but the facts are that the budget would still be of exactly the same size and there would be no advantage whatsoever to operating in the way the Senator from New York would have us operate. In fact, I would contend that it would be harmful since Congress needs to know the full impact of the fiscal policy that we are establishing, and when we allow $1 billion to be borrowed, you might say under the table, we are hiding the fact that we are competing in the marketplace for these funds and, in this way, endangering the private sector that might be competing for the same money.

The Budget Committee's decision was to include this funding in the budget, make it plain that the Government is going to be competing for these funds and, in this way, not try to hide from this reality.

Also the proposal that the Senator makes for a saving in category 600, the income security category, is, perhaps, even a little less than symbolic. A good bit of this saving, which both the Senator from New York and the administration anticipated getting, was in the food stamp program. This Congress or this Senate last week considered a series of amendments to the food stamp program. Some of them were intended to reduce it in size. We wound up passing a bill which will reduce it practically zero. In fact, we may have wound up passing a program that may be more costly than the one now on the books, so this $1.2 billion savings is illusory, to say the least, because this body has already expressed its opinion on this matter, and the opinion of the Senators more than we are presently spending, that we should be spending perhaps more than we are presently spending, but certainly not $1.2 billion less than the present program costs.

So I suggest to the Senator from New York that the program which the Budget Committee approved last year, which is, in essence, being continued for fiscal year 1977 is one that is working very well.

The unemployment rate is down from the high of 8.9 to about 7.5 percent; interest rates on short-term have come down from a high of almost 9 percent to about 5½ percent; long-term rates are down from a high of about 8 to 9 percent to about 8 percent; the inflation rate, Mr. President, is down from 12 percent to something like 5 percent.

Our economy is stronger today than even the most optimistic of us dared hope it would be the last year we were working on the budget. We now have some 2 million more jobs than was the case a year ago. The economy is following a very steady, sustainable course toward total recovery.

The Buckley proposal would, in my opinion, be unduly restrictive. It would serve to set the economy back; it would cancel the incentive that many in the private sector have to go ahead and provide jobs in the private sector and, I believe, that the substitute for the budget resolution should be defeated.

(At this point, Mr. LAXALT assumed the chair.)

Mr. BUCKLEY. Mr. President, I yield myself such time as I will utilize just to comment on the observations by my friend from Oklahoma.

I fully agree with him that the President's figures often, frankly, do not survive scrutiny, as in the Outer Continental Shelf estimates of revenue. That is why I did not follow or use the administration's budget request as a guide.

I do feel, however, that in the specific areas I did indicate, there are thoughtful proposals that could yield very real economies without interrupting the delivery of essential services.

With respect to the category, function 400, I thought I went to some pains to point out I was not pinning my proposed $1 billion reduction on the accounting for the Post Office, although I do indicate this is an area that could be considered.

Certainly, in a function that is over $18.6 billion proposed to be spent, we have other areas where economies are possible if there is a mind to economize, and I suspect that the gap between the President's proposal and mine indicates that there are areas of flexibility involving transportation.

With respect to function 600, whether or not we enact the food stamp reform program, there is still room in the $140 billion proposed outlays in the overall area of income supplement to make economies when it is so notorious as to the amount of waste we are incurring in our welfare programs, in our AFDC programs, even in the administration of our existing food stamp program, never mind tightening the entitlements.

So that again, I think we ought to regard the budget process, in part, as a forcing mechanism to require people really to get down and see what can be done to save waste. I am talking about only saving waste, and there is ample room in this huge conglomerate of programs to save $1.4 billion.

With respect to the economy generally, I quite agree that we have come out in the economy rather well. In fact, I believe anyone looking at the estimates and projections that the Senator from Idaho (Mr. MCCLURE) and I included in the report for last year's second concurrent resolution on the budget, will see we are pretty much on target. But I suggest this improvement is in spite of, not necessarily because of, the policies adopted by the Congress last year.

We have got a virile economy if we will not throttle it, if we will allow it to do its magic. And whereas, yes, short-term interest rates have come down. The significant figure is long-term interest rates, and these are still high by any historic perspective, indicating that there is still that concern over future inflation that is being reflected in high-interest rates that, in turn, discourage or limit the areas of capital investment.

Furthermore, if our program is adopted, not only will we, in effect, encourage people to believe we intend to get on top of inflation, but we will release for private investment another $6.8 billion which I suspect would provide us a base for a far healthier recovery than that we are now anticipating.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. The Senator from Maine.

Mr. MUSKIE. Mr. President, I think my good friend from Oklahoma, the distinguished ranking Republican on the Budget Committee, has made the case. I might emphasize a few points to supplement what he had to say.

First of all, I think most of these issues that are touched upon by the amendment of the distinguished Senator from New York were discussed, debated, and resolved in the Budget Committee. So I do not know that there is any particular usefulness to a continuation of the argument between the Senator from New York and the Senator from Oklahoma and myself on the Senate floor, especially since we seem to be the only ones here.

But let me touch upon the essence of the Buckley amendment.

It would cut $4.5 billion in budget authority and $6.8 billion in outlays from the budget resolution. Those cuts would include CETA jobs, education support, medicaid payments, Postal Service subsidies, supposed savings in income security, cuts in public works and other natural resources, environment and energy programs.

I think the debate on the Senate floor last Friday indicates how tight the Senate budget resolution is with respect to some of those items. The distinguished Senator from Ohio and the distinguished Senator from Rhode Island, for example, are much concerned about the ceilings that the budget resolution imposes on function 300 which, among other things, is the energy function.

I think we had rather extensive debate on the Senate floor on the part of those Senators, arguing that high energy priorities simply could not be accommodated by the overall functional totals in function 300.

Now the Senator from New York urges that we cut even those function totals

to a lower figure, by $500 million in outlays and $400 million in budget authority, as I understand it.

But having heard the debate on Friday, I am persuaded even more that the function totals in the budget resolution are a reasonable accommodation between the requests that were made by authorizing committees and the real and justifiable need.

Indeed, it was contemplated as a result of the debate last Friday that it might be necessary for the appropriate committees dealing with the energy questions to come to the floor of the Senate and urge a lifting of the function ceilings in order to accommodate real and essential energy initiatives.

So on the basis of the record we have had on the floor up to this point, I do not think it would be wise to accept this recommendation of the Senator from New York.

With respect to the Postal Service deficit, I concur wholeheartedly with my friend from Oklahoma. It was a temptation for the Budget Committee to follow the route that had been taken by the administration, to force that deficit off budget and thus make our deficit look better. The temptation was even greater because the President had done it and, as a result, made his deficit look better.

But it was our feeling that as to the money involved—and it is $1 billion with respect to the general Postal Service's deficit—it was time we brought that deficit on budget where it could be seen, and so that nobody is fooled.

The Senator from New York argues that keeping things as they are is a way of generating pressure for efficiency. But what I am finding in my State is that under the pressure of this kind of budgeting, the Postal Service is not inaugurating efficiencies but eliminating vital postal services and depriving people in the rural areas of my State—and I take it in the rural areas in other parts of the country—of needed services because the Congress fails to recognize the need for the services by funding the deficit which is generated by their continuation.

If I could believe, as the Senator from New York suggests, that the Postal Service would react to his proposal with a sense of delicate surgery, I might buy his argument.

But it has not produced that kind of result. Instead, the Postal Service has used a hammer to knock out rural post offices, to cut down on postal deliveries, to increase the first class postage rate, and in other ways to put the Postal Service beyond the reach of more and more Americans who depend upon it for basic communication in this free society.

The committee, as I said, debated this issue at length and decided that notwithstanding the temptation to make our deficit look better, that honesty and candor required that we put that Postal Service on the budget where we could see it and take it into account as we consider all of the problems that the Postal Service is generating for so many people in this country.

Mr. LEAHY. Will the Senator yield?

Mr. MUSKIE. I yield.

Mr. LEAHY. Mr. President, I ask unanimous consent that during the deliberations and the votes this afternoon Judith Heffner and Herb Jolovitz, of my office, be granted the privileges of the floor.

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

Mr. LEAHY. I thank the distinguished Senator from Maine.

Mr. MUSKIE. I thank my good friend.

With respect to function 550, it would seem to me that the RECORD of last Friday of the debate between myself and the distinguished chairman of the Finance Committee suggests that, again, the numbers that the Budget Committee came up with are pretty realistic.

The distinguished Senator from Louisiana made the point that what we were asking for by way of economies in medicaid and medicare were simply unrealistic. The resulting response might simply be a reduction in essential benefits for people with real needs, rather than a savings in administrative costs and other kinds of abuses.

He insisted that in his judgment the Congress would not accept any such result and, therefore, that it was not possible to achieve the kinds of savings that the budget resolution imposes upon function 550 and function 600, the income security function.

Well, we managed to prevail over the protests of the distinguished Senator from Louisiana, but now the Senator from New York would urge an additional $1 billion in savings in the medicaid program below those mandated by the budget resolution before us.

I do not see the Senator from Louisiana in the Chamber, but if he knew we were discussing this I think we would probably be able to hear him from wherever he is in response to this suggestion of the Senator from New York.

So again I think the budget resolution numbers suggest a reasonable accommodation between the view of the Finance Committee and its chairman and the view of the Senator from New York.

I would make the same point with respect to function 600.

The question of CETA jobs, I suspect, involves a fundamental philosophical difference of opinion between the Senator from New York and myself as to the place for public employment at a time of high unemployment in the private sector.

The Senator, as I understand it, comes close to adopting the President's proposal for a phase out of CETA jobs by the beginning of fiscal year 1978. The Budget Committee considered that and rejected it. I think rightly so. As a matter of fact, I think that given the unemployment figures which have been projected in the President's budget as well as by other distinguished economists, one could make a case for more public service jobs than are provided in this resolution. Indeed, I expect we will be listening to an amendment offered later this afternoon on that very point, as well as some others.

There are other items in the Senator's proposal. They do not at this point seem to have sparked extensive debate. So at this point, given the limitation on time, I will reserve the remainder of my time and give the Senator from New York an opportunity to reply to my observations.

Mr. BUCKLEY. I thank the Senator from Maine and the distinguished chairman of the committee, who, incidentally, I believe, did a very fine job in a very difficult process, though we do disagree on different points here and there.

People keep trying, Mr. President, to put items into my mouth or into my plan. I went to some pains, I thought, to suggest that I deliberately kept my figures high enough so there could be alternate strategies with which we could come in and achieve desired levels of reductions so that, among other things, we could create jobs in the only way that will really satisfy the needs of our economy and the desires of the American people, namely, through an appropriate expansion of employment in the private sector where we actually make things, where we deliver services that people want, where we create wealth-producing employment.

The Senator did go to some length about whether or not anything was available in the way of savings in the health delivery sector in function 550. He stated that if the distinguished chairman of the Finance Committee were to come here, he would advise me that my figures were not only low but that the estimates that are incorporated into the Budget Committee's proposal are also on the low side.

I would point out that had we followed the advice and expertise of each chairman of each authorizing committee, we would be adding about $25 billion to what we already propose as a $50 billion deficit.

I believe there is another expert as to what we can anticipate from existing programs, and that is the expertise of the Appropriations Committee. If the distinguished chairman, the Senator from Arkansas, were to come here, he would probably be castigating me for my extravagance in recommending $1.2 billion of outlays in the health field over and above what was recommended by the Appropriations Committee. But I repeat, there are clearly areas, if we will energize ourselves, if we will focus on the problems, where we can go in and exercise control rather than merely accepting philosophically the existence of fraudulent practices where, for example, doctors will conspire with medical laboratories to run up bills for nonexistent tests. As I say, one of the Senate's own committees, the Committee on Aging, has estimated that this alone results in the waste of over $1 billion a year.

With respect to the Post Office, I was not focusing on any particular area. I was suggesting this was one of a number of areas that could be examined. In point of fact, if we take the President's recommended figures and throw in the Post Office, transferring it from where it presently is, being financed through the Federal Financing Bank, we still find that there is a $1 billion gap between what I propose and what the President proposes.

I would say that I do believe we have problems with the Post Office that are

not going to be solved by deciding how we finance deficits. They are only going to be solved if we do get at the managerial problems. My own offering in this area has to do with allowing competition to creep in, in the delivery of first class mail, so that we do not find ourselves, in effect, rewarding mismanagement.

With respect to the category 300, in which we have energy plus water resources and so on, we have extraordinary needs in the energy field. I am among those who have been working these last 3 or 4 years in expanding our efforts, in focusing them, and in exploring the alternatives, the options that we will have to have in place before very long if we are going to meet our economic needs.

But I do suggest that it is not necessary or even useful to accept every demand for new research in every field because there are real limitations in what can be done productively in a given year beyond the expenditure of a certain amount on research and development.

I would point out that the President's budget called for a 50 percent increase in the financing for ERDA. Again, I think that we have had in this area as well as in the Corps of Engineers and in the water resources work, ample room to fine tune what we are spending without interrupting any necessary program.

Mr. President, as the Senator from Maine has pointed out, we have discussed this whole area in the Budget Committee before. I only wish there were Senators here who were not members of the Budget Committee, because I believe that the economic philosophy, the understanding of the macro-economic consequences of the fiscal philosophy adopted by Congress, is probably the most important single debate we could have.

I would only suggest, based on history, that the macro-economic suggestions by the Budget Committee have proved far less reliable than those of the minority, and I would hope that our proposed alternative would have the result of reducing interest rates, increasing investment, getting more people into productive jobs, and, in effect, helping to decrease still further the deficit we project as well as the need for public assistance that we provide for.

Mr. TAFT. Mr. President, I wish I could support the distinguished Senator from New York, Senator BUCKLEY, in his efforts to bring about a reduction in Government spending by $6.8 billion. However, this approach must wait for an improved economy to cut income security and health to the extent proposed.

While I have supported modest increases in several budget categories in an attempt to modify priorities somewhat, I still feel that Federal spending is too high, and has been for many years. This amendment, even if it should fail, is an eloquent protest against the deficits, inflations, and subsequent recessions we have been experiencing over the last decade.

A firm commitment is needed from the Senate to the concept of a balanced budget, if not this year, then very soon. The public is not fooled by deficits. They know that taxes will be higher in the future to pay the interest on the increased Government debt. They know that inflation will be made worse. And so I think it is time for the Senate to realize that deficits are not so stimulative as they once may have been when tax rates were lower. Deficits can damage an economic recovery by worsening the disincentive effects on productive labor and investment, indeed on all output, that high tax rates produce.

It is time the Senate brought itself up to date on the effect of taxes and inflation on output and growth. I hope that a sizable vote for this amendment will serve as incentive for the appropriate committees of the Senate to hold hearings in this area. We must back away from higher tax rates and higher Federal spending, for they have gone far beyond the point of diminishing returns, and are well into the area of actual negative impact.

Mr. MOSS. Mr. President, I rise in opposition to the amendment which has been offered by the distinguished Senator from New York to modify the budget resolution. It would cut $4.5 billion in budget authority and $6.8 billion in outlays.

I am in sympathy with the stated objective of the amendment to reduce spending. However, I oppose the amendment because of the nature of the cuts proposed. The amendment would do more than make some apparently simple cuts. Its adoption would impact markedly on the priorities in this resolution, thus changing the resolution significantly. Further, the so-called savings are more apparent than real. For example, the amendment would reduce outlays by $0.5 billion in function 300—natural resources, environment, and energy.

Specifically, the Senator from New York, makes the point that the Budget Committee has allowed $1.1 billion in budget authority and about $800 million in outlays over the numbers recommended by the President's budget. The Budget Committee did recommend expenditures which exceeded the President's figures in the energy area. But I would point out that the President's budget did not even include funds for the implementation of the Energy Policy and Conservation Act—EPCA—which the Congress enacted and the President signed into law last December. In testimony before the energy task force of the Budget Committee, in response to a question I posed, Mr. Zausner, Deputy Administrator, FEA, indicated that FEA was now "preparing both an amendment to the 1976 budget and a supplemental for 1976 and the 1977 amendment to take account of the EPCA." Mr. Zausner also said:

> When we look at that legislation (EPCA) now, for its budget impacts for 1977, it is clear that it will be appreciably greater than what it is in the 1976 budget.

With regard to the amount of money needed in 1977, Mr. Zausner responded to my question by indicating that the administration would "need (budget) authority perhaps close to $1 billion on top of what is in the 1977 budget." He further indicated that this was perhaps "the major increase" over what is in the President's 1977 budget.

While we have heard for sometime that the President was going to submit these supplemental budget requests for the 1976 and 1977 budgets to cover the required funding of EPCA, such requests have not yet been forthcoming. I do not know why. EPCA is the law and it is obvious that it must be supported. And, the President will eventually send up a request which will add to the spending ceiling and the deficit. In the interim, the President's deficit appears smaller.

This resolution provides for future energy needs by funding programs of research, conservation development and demonstration, and supports of energy price and safety regulatory efforts, as I indicated in my statement before the Senate on April 8. Energy should rightfully be accorded high priority. I am for holding down the budget ceiling and for reducing the deficit, but what is proposed by this amendment regarding energy would be penny-wise and pound-foolish. It is difficult to think of any function in this budget of any greater importance. It is directly tied to the Nation's security.

This amendment also proposes to cut $1 billion from function 400 by withdrawing funds needed to support the Postal Service, and to force the Postal Service to go off budget.

In the absence of funding the full projected 1977 postal deficit of $1 billion, the postal deficit would not be reduced nor disappear. Rather, it would be financed through a combination of off-budget borrowing and other means which tends to mask the realities of the Postal Services' severe, financial situation. There is obviously a need for examining Postal Service operations and reaching new solutions. This is certainly a priority matter of the Senate Post Office and Civil Service Committee. But the budget resolution is not the appropriate vehicle to affect substantive action with regard to operations of the Postal Service.

The amendment also proposes a cut in function 500 which would reduce public service employment jobs funding under CETA title VI of the resolution. Obviously, this would add to the unemployment rate which is already too high. The Budget Committee rejected, overwhelming, the President's proposal to eliminate public service jobs in 1977. And this amendment has brought nothing new to light which suggests a need for change in that determination.

The amendment claims "savings" in function 500 for "school consolidation" which presumably means program consolidation. During budget markups, the committee acted to increase funding for education, on the grounds that additional funding was necessary to permit forward funding of vocational education, to meet anticipated supplemental requests for funding the "hold-harmless" provisions of impact aid programs, and to fully fund the education for all Handicapped Children Act. Congress had earlier passed that act and then not provided funds to fully support it. Such action—

seems somewhat hypocritical and does not reflect credibly on the Congress. The resolution also provides increased funds in the education subfunction to accommodate at least in part for increased costs in recent years in elementary and secondary education programs, and in the higher education area to fully fund the basic education opportunity grant programs. The committee does not deal with line items. But it is clear the committee felt education to be a priority need to be supported.

In function 550—the amendment proposes a reduction of another $1 billion for medicaid. This is in addition to the $0.3 billion reduction the committee recommends in the resolution for medicaid outlays in fiscal 1977. There was much discussion during the committee markup regarding health programs, and the need to demonstrate effective methods of controlling health care costs. The Finance Committee had indicated a desire to develop legislative proposals which would moderate the anticipated increases in reimbursement under medicare/medicaid and encourage program efficiencies. Because health care costs have been a major contributor to the increasing inflation in the last several years, I believe action can and should be taken to improve management and reduce costs without reduction of services provided.

As a member of the Special Committee on Aging, I am aware of abundant evidence of abuse and fraud in both medicare and medicaid programs. I believe the committee's reduction of $.3 billion is proper and fiscally responsible. However, I do not believe that it is realistic to think that we could get another billion dollars in Federal expenditures from this program in 1977. The medicaid program is funded on a cost-sharing basis by the States and Federal Government. A reduction of this magnitude would clearly mean that services would have to be reduced drastically, that the numbers served would have to be cut deeply, that the States would have to raise taxes, or some combination of these actions. I support measures to keep the pressure on to reduce costs, but in doing so, we must be realistic and act to achieve savings which are attainable.

In function 600 income security, the amendment proposes a reduction of $.8 billion in budget authority and $2.4 billion in outlays. Let me point out that the Budget Committee recommendations were below the authorizing committees recommendations by $4.9 billion in budget authority and $3.9 billion in outlays. The significance of these cuts is better understood when they are compared with current policy levels which shows nearly a $20 billion cut in budget authority and nearly $5 billion in outlays. As I understand it, the amendment would reduce the temporary extension of unemployment coverage and benefit duration as of March 1977, as the President proposed. The committee clearly rejected that. I am certainly hopeful that the up-turn of the economy will continue to intensify, but that is not guaranteed. Therefore, I think it is important to support the resolution which includes sufficient funds in this function so as not to aggravate the problems or impede economic recovery about which we are concerned.

In summary, the nature of the proposals included in this amendment were carefully considered by the committee—not only in studies and extensive hearings on the budget, but also during 4 days of intensive effort in budget markups. The resolution rejected such proposals. This amendment would markedly alter the nature of the budget resolution, would change the priorities inherent in the resolution; and, therefore, I recommend amendment not be accepted.

The PRESIDING OFFICER. All the time of the Senator from New York has expired. Who yields time?

Mr. MUSKIE. Mr. President, I am prepared to yield back the remainder of my time, but I do not see the sponsor of the next amendment. Let me suggest the absence of a quorum on my time on this amendment, to see if we can get the sponsor of that amendment on the floor.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

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

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

AMENDMENT NO. 1592

Mr. BAYH. Mr. President, I ask that the Senate turn to my amendment, amendment No. 1592, which is at the desk, and ask that the clerk refer to the corrected copy, which I send to the desk. There were errors made in printing.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Indiana (Mr. BAYH) proposes amendment No. 1592, as modified.

Mr. BAYH. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered. The amendment is as follows:

On page 1, line 7, strike out "$412,600,000,000" and insert in lieu thereof "$412,100,000,000".

On page 1, line 9, strike out "$454,900,000,000" and insert in lieu thereof "$452,300,000,000".

On page 2, line 22, strike out "$113,000,000,000" and insert in lieu thereof "$110,400,000,00".

On page 2, line 24, strike out "$100,900,000,000" and insert in lieu thereof "$100,400,000,000".

On page 2, line 3, strike out "$5,200,000,000" and insert in lieu thereof "$49,700,000,000".

Mr. BAYH. The corrections involved were the exclusion of three zeroes on the end of three figures that made billions into millions, which would be a good way for us to trim the budget, but that is a little more than I want to trim out of it.

Mr. President, I further ask unanimous consent that the Senator from California (Mr. CRANSTON), the Senator from Massachusetts (Mr. KENNEDY), and the Senator from South Dakota (Mr. MCGOVERN) be added as cosponsors to this amendment.

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

Mr. BAYH. Mr. President, earlier this afternoon I participated in a discussion with the distinguished chairman of the Committee on the Budget, the Senator from Maine, in which I urge the Senate to include an additional $100 million with primary emphasis on investing this money in fighting crime.

I am not unmindful of the need for prudence, and because of my feeling for this, I feel it is also important for us to look for some place in which we can cut money from the budget without jeopardizing national policy.

I have been advised that the distinguished chairman of the Committee on the Budget adopted a similar position as the Senator from Indiana in the defense area in committee. But unfortunately for those of us who support that position he was in the minority in committee and now finds himself very persuasively arguing the opposite point to sustain the position of the committee.

The only cuts in the defense budget were those that were proposed by the chairman, and I salute him for that effort.

I think it is important for us to address ourselves to the need to do more, and I think we can do that prudently.

My amendment would reduce the target budget levels for the function of national defense by $2.6 billion in budget authority and $500 million in outlays. It is directed at the research and development and procurement accounts.

I offer this amendment because I am deeply troubled by the prospect of Congress rubber stamping the administration budget request for defense and giving the Pentagon all it wants without careful scrutiny, consideration and debate.

This is a political year, Mr. President, as I think we are all aware, and candidates are searching for issues to ignite the public. One of the issues they have seized upon is the growing military strength of the Soviet Union. I fear that political rhetoric, often misleading, has been used to alarm the public which is troubled quite understandably with the course of international events after our withdrawal from Vietnam, Soviet and Cuban adventurism in Africa, and Communist activity in southern Europe.

The atmosphere that has been created has led some to believe that the United States has suddenly become a second-rate power—that the Soviet Union has grown so strong and our Nation so weak, that we can no longer protect our vital interests, our allies, or our homeland.

To many, the only solution to our problems appears to be spending more and more tax dollars on national defense.

Ironically, most of those who advocate this course raise the loudest voices against spending for when it comes to domestic, social needs where there they cry for fiscal responsibility, good management, and efficiency.

It seems to me we need to do both, Mr.

President, and that is why I think the parallel between my two amendments is particularly appropriate in this consideration by the Senate.

Mr. President, we in Congress have a very heavy responsibility in setting priorities and setting spending levels. It is up to us to sweep away fears and emotions and deal with facts. It is our job to exercise sound and measured judgement and spend as wisely as possible. Our duties in this regard must be exercised in the defense sector as well as all others.

With this said, Mr. President, let us examine this new "threat" which has caused the administration to request a real increase of $9.6 billion in defense spending. Is this tremendous increase needed at a time, when we are slashing social programs below current policy levels? Frankly, I think not.

For many years, we have known about the buildup of Russian forces. The growth of the Soviet military establishment has been going on since the early-1960's when the Sino-Soviet split broke open. It is nothing new.

An analysis of this growth indicates that the U.S.S.R. has truly become a superpower. It does not show that we are suddenly No. 2. Misleading comparisons of military spending have not refuted the fact that the United States remains the world's strongest military power, where, frankly, I want us to remain.

The increase in Soviet power should give us pause. We should look carefully at our defense policy and forces and make certain that those forces are capable of performing their missions against this formidable foe. We may need growth in several areas. But we certainly do not have to buy every weapon and every gadget that the Pentagon wants and particularly all at one time.

Let us look at the defense budget, Mr. President. According to the Budget Committee, that budget calls for $9.6 billion in real growth in budget authority. That means after we take into consideration increases to compensate for the inflationary pressures we have seen, to maintain last year's defense level we are still adding $9.6 billion in addition to that.

That is a 10.3 percent growth rate, a 10.3 percent growth rate in the area of the defense budget alone. To be more specific, if we define those areas where this amendment of mine is directed, we find that expenditures for strategic forces in this budget would experience a real growth of 21 percent, general purpose forces 13 percent, research and development 12 percent.

Mr. President, we have learned the difficult lessons of intervening in conflicts in far corners of the world. We are not planning some new venture similar to Vietnam. We are not suddenly No. 2 behind the Russians. Yet we are asked for an immense increase in defense spending.

I realize that there are many serious observers who believe that we must produce real growth in defense spending for several years. But even these people speak of growth in the 2 to 4 percent range, considerably less than what has been proposed in this budget.

Dr. Schlesinger, before he left the Defense Department, was talking in the range of some 2 to 4 percent. Now Secretary Rumsfeld is talking about 4 percent, and yet this budget calls for 10 percent growth.

I know the Budget Committee dealt conscientiously with this function, but I believe there is room for a much bigger cut than the $0.3 billion it made in budget authority. My amendment would reduce that amount by another $2.6 billion and still permit growth in excess of the current policy estimate and real growth of 7.5 percent in the DOD baseline budget.

In other words, accept the Bayh amendment of 2.6 percent, and you are still going to have an increase in real growth in the defense budget of 7.5 percent.

Certainly, this is adequate growth when realistically viewing the current circumstances.

What is more important, Mr. President, this amendment would give a clear signal that the Senate intends to look closely at the defense function in the entire budget. The Senate's interest in defense spending has increased tremendously over the last several years. Many, including the Budget Committee, have raised important issues regarding our defense policies. I believe we must continue raising those issues, and avoid accepting Pentagon proposals at face value.

One could not make a bigger mistake, Mr. President, than to assume that because we are spending more money we will, as a matter of course, increase the effectiveness of our Armed Forces. I do not recall a recorded case when dollars alone stopped a tank, shot down an airplane, or sank a ship. Only if those dollars are spent wisely will they lead to increased preparedness.

It is our job to make certain that they are wisely spent. We must look closely at the budget and root out the fat. We must examine our foreign policy and review the defense missions it requires. We must make certain that the Pentagon prepares to meet those missions in the most effective and efficient way possible. If we discharge our responsibilities for this year's budget, I am certain that we can find savings far in excess of the $2.6 billion I propose.

There has been considerable publicity regarding the $3 billion in cut insurance which this budget contains, and this would be a good place to start. We certainly cannot permit such padding for the defense bureaucracy when we are cutting our domestic programs to the bone.

We should also look closely at the $2.7 billion in last minute additions to the budget which Secretary Rumsfeld persuaded the President to include, despite the objections of OMB. Over $1.4 billion of this is in the procurement area at which my amendment is targeted, including the XM-1 tank, the AWACS, and Condor missile. The fact that defense experts in the executive believed these expenditures unnecessary should lead Congress to raise serious questions. I believe we should, for once, concur with OMB.

We should look closely at the $846 million the President included for funding of the shipbuilding program which, according to a November Defense Department memo do not have to be obligated. And we should ask why we are funding three SSN-688 submarines when the shipyards cannot begin work on them for several years.

What I am suggesting is that if these functions are needed, let us wait until we approach the time when they can indeed be implemented. This is particularly important this year when we are tightening our belts and cutting back in the social program areas.

After sorting through the administrative maze in the budget, Congress should raise tough policy questions and be prepared to reorder the priorities within the defense establishment.

This year the budget includes large increases in our investment in strategic forces. While Soviet growth has been dramatic in this area, we need not imitate it. As long as we are certain that we can deliver our deterrent and that that deterrent will cause intolerable damage, our strategic forces will be adequate. We need have no overkill. We want a good deterrent but need no overkill.

While now is a good time to reexamine our strategic forces to insure that they can do their job, there is no need to buy everything in sight. Yet that is what we are doing. This year there are funds for an expensive new bomber, a new generation of destabilizing counterforce missiles, and a new element to add to the Triad, the submarine launched cruise missile.

B-1 bombers will cost $88 million each. Buying them will use up resources which could much better be used in other defense areas. The submarine launched cruise missile can be deferred pending developments in the SALT talks and a better explanation of why its additional fire power is needed.

Unfortunately, our propensity to buy super sophisticated and expensive equipment extends also to our conventional forces, perhaps even to a greater degree. Time and again we have opted for the ultimate in a class of weapons despite the fact that there is no way we can purchase it in sufficient quantities. The result is declining force levels, or as Senator PROXMIRE recently remarked, a form of unilateral disarmament.

I see the distinguished chairman of the Committee on Armed Services in the Chamber, and I imagine he will oppose the Senator from Indiana on this cut. But I think that he, as persuasively as anyone, has raised cause for us to be concerned about the fact that the cost of each weapon system is getting so high that we are not going to be able to afford enough weapons to do the job.

This year's budget is full of such items. For the Navy, it is the nuclear strike cruiser. This is a $1.2 billion escort ship designed to carry the Aegis missile system, a system which will itself cost more than $100 million per unit and which has not been fully proven.

Certainly, we can find a cheaper plat-

form for the Aegis if it is shown that Aegis can, indeed, do its job in high risk areas.

There are many who believe we must halt the decline in our naval forces, Mr. President.

Frankly, I must concur in this judgment. I think that is a correct assessment. But we will have difficulty maintaining even present levels if we insist on investing limited resources in ships like the strike cruiser.

There are many more examples. The XM-1 tank is designed to replace the M-60, but it costs over twice as much. The Advanced Attack Helicopter—AAH—will cost about $5 million per unit compared to the Cobra Tow attack helicopter which we are presently buying at $1.48 million. The SAM-D missile program will cost $5.9 billion. Yet it is a redundant addition to our defense capability and there is serious question regarding its effectiveness.

In my opinion, Mr. President, all of these systems should be deleted, and we should send the Pentagon back to the drawing board to find cheaper systems we can buy in sufficient volume to more effectively engage an enemy. It is the current trend in the way we spend, rather than the amount we spend, which so urgently needs to be reversed.

Mr. President, I wish to emphasize what I just said, because the major thrust of the cut of the Senator from Indiana would come in future budget authority. It would give the Pentagon the time to go back and reassess how they could provide more weapons for fewer dollars, per unit cost, so that we can get away from the tremendous cost of each unit.

Mr. President, I am not asking that the Senate accept all my recommendations regarding this defense budget. They would total an amount far above the reduction embodied in my amendment. I do believe they provide a place where the Senate can find $2.6 billion in savings, however, and I hope my colleagues will take this opportunity to make the record clear that Congress is not abdicating its role in fixing the Defense Department's budget.

Mr. MUSKIE. Mr. President, I yield 10 minutes to the Senator from South Carolina.

Mr. HOLLINGS. Mr. President, my distinguished colleague the Senator from Indiana starts off with the premise that Congress is abdicating its role in the defense section of this budget in bringing the concurrent resolution to the floor of the Senate. That has to be characterized as nothing less than humorous. He knows the makeup of our Budget Committee, from the chairman down. It is composed of his best friends and colleagues on both sides of the aisle. This committee worked hard and grappled with a major responsibility in trying to find the right answer on defense.

He said we were abdicating our role. I tried to write down the expressions he used: failing to look closely; accepting the defense figures, or somehow taking Secretary Schlesinger's argument, or now Secretary Rumsfeld's argument; or, even taking the President's own so-called threat about what he would do.

The quickest way to anger the Senator from South Carolina is to threaten him. If good commonsense did not prevail, I would love to have had his threat fulfilled and let him veto the defense measure. That would be the worst kind of leadership, when we are on the tail-end of a 5-year period, in which we have cut some $5 billion out of this defense budget each year, plus an unintended cut of some $6 billion by way of inflation—some $30 billion to $36 billion that has been cut, cut, cut. We all have participated in it.

At the time the Budget Committee assumed this responsibility to review the defense budget what did we do? We went directly, if you please, Mr. President, to the particular military departments. I wish that the Senate would pay note to what the Senator from Indiana contends and exactly what the fact is. He says that in recent months there has been much discussion about Soviet military expenditures. And misleading figures and comparisons have created a sense of near panic—near panic and a loud cry. He says there is no need for panic and there is time now to have cool, calculated judgment. So the Senator from Indiana comes, cool and calculated, and we who have been working for 6 months are in a panic.

The fact of the matter is we started back last October, with the testimony of the three service chiefs. I think that the Senator from Indiana ought to take note of the way the Senator from Maine (Mr. MUSKIE) has set up our Budget Committee hearings. We do not have, necessarily, a one-on-one situation. We have had panels, we have had opposing experts on both sides of a particular question. Anyone can interrupt. It is not to try to catch the fellow in a lie or whatever, but really to catch the fellow in the truth and find out what the fact is, realizing that we all have had some misgiving about defense expenditures.

We started, over 6 months ago—if the panic started, that is when it started—back in October. We heard all the service chiefs—and incidentally, we have some outstanding chiefs. Comment in front of our committee and around the Congress is that if Schlesinger had to be kicked out, at least it was at a time when we had probably the best chiefs of the various branches within the military that we had in quite a long time. Whether it was General Weyand as Chief of Staff of the Army or Dave Jones, Chief of Staff of the Air Force, Admiral Holloway of the Navy or Wilson over in the Marines, they will agree, liberal and conservative, Republican and Democrat, that they are men of credibility and have the same concern that the Senator from Indiana has.

We then next took the Congressional Budget Office—Dr. Alice Rivlin and her defense experts—with various consultants from various management groups all over the country. We got her annual report. While we were receiving her annual report, we asked for, rather than panic, we asked the General Accounting Office to please look into the principal items that were growing. Whereas, in 1968, pay in the defense budget took 42 percent, today it takes over 52 percent. So the cost of national defense manpower is growing by leaps and bounds. At the same time that the number of troops has been cut back, as well as Reserves, and every category of personnel, the cost has increased to 52 percent of the defense budget.

We asked the GAO to look at the military retirement system and the various other pay benefits. We then had long sessions with the Congressional Budget Office to look at the President's budget as it was presented to us with respect to current policy. We can take the Defense Department, take every one of the items, add in the factors of inflation and increased personnel or productivity or whatever it may entail, and we get the current policy figure thereon. We took an entire morning listening to just that particular analysis.

We then got a briefing on defense manpower from the Congressional Budget Office. We said, "Now you have compared the President's budget, we want you to study for several weeks and come back just on the one subject of manpower." We had an entire session there with our defense task force and, incidentally, members of the full Committee on the Budget attended these sessions.

We then went to the joint hearing on manpower with our own Committee on Armed Services, with Senator NUNN and our defense task force, to see where the differences were and where they were headed and where we might even cut back some. I have not brought out all our hearings and preparations, that the Senator calls panic.

If there was any idea that really permeated all of us, it was, are we really preparing ourselves for the particular mission? What relation do all these dollars for weaponry and everything have to the particular mission? We started then with Assistant Secretary of State Sisco and he tried to link our foreign policy with our defense policy. We had our CIA briefings. We had special sessions with Secretary Rumsfeld. We had a hearing with the Secretary of Defense—a special one—and the Chairman of the Joint Chiefs of Staff, General Brown. I could go on and on.

One day I shall never forget, we sat there almost all day long, listening to Paul Nitze, who was the Deputy Secretary of Defense and former Secretary of the Navy under President Johnson—and to Paul Warnke who was a former Assistant Secretary of Defense—both of them within, let us say, Democratic policy and politics. You could not get two men further apart. They went over the particular issues so we could hear both sides of a particular question and compare those. There was no panic. Do not tell Nitze he is panicking. Do not tell Warnke he is panicking.

Now, having done all of that over a 3-month period, we came right in with cuts that are really going to cause panic. I want to see the Senator from Indiana put his name on the pay cuts. Do the Senator from Indiana and some of those

talking panic want to put their name on the 4.7-percent pay cap, the matter of comparability, or the wage board changes which instead of the 8.9-percent increase projected under the current law, would just guarantee a minimum raise of 3.4 percent? Where is the Senator in the body, if you want to see panic, that is putting his name on that? Where is the Senator that is putting his name on the bill to eliminate the 1-percent kicker on retired pay cost-of-living adjustments?

We have the Post Office and Civil Service Committee. We have not had those recommendations from them.

Where is the man who is increasing the stockpile sales and the cutting back on commissaries? Who is supporting some 5.4 billion bucks worth of cuts that we cut, that we studied out? We added in there a mandatory contributory retirement system for all the military if you please, not in panic. Do you want to see panic? They could not even get the elimination of the 1-percent kicker out of House Armed Services. I do not know if we will get it out of our Senate Committee on Armed Services. But we will have it as an amendment. We will have it on civilian and military pay when those matters hit the particular floor.

Now, as a result of those cuts, we have, not $9.6 billion in real growth, but a net, if you please, of $3.6 billion. If the Senator from Indiana——

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

Mr. HOLLINGS. I ask the Senator from Maine to allow me a few more minutes.

Mr. BELLMON. I yield 3 additional minutes.

Mr. HOLLINGS. Mr. President, the truth is the Senator from Indiana and the Senator from South Carolina could well agree, perhaps, on some cuts on weaponry. We did not say any particular item was approved in the budget resolution. It could be at the time the defense authorization bill comes up or the defense appropriation bill comes up that we would vote down a particular item of weaponry. But the Senator from Indiana, on a $500 billion budget—a cut of 0.5 percent, $500 million, less than one-half of 1 percent—is not changing any priority.

I know the Senator is asking now from the staff where I get the $500 billion. We have $413 billion in the regular budget and then we have got tax spending of over $100 billion which I hope to get the Senator from Indiana's assistance in cutting so we are over $500 billion in this budget.

The Senator is talking about the panic we have been in, in deliberating on this matter, working day and night around the clock to try to change around priorities. And the Senator says he wants to do it with a $500 million outlay figure, with just $500 million he is going to change the priorities in the budget, whereas we have $5.4 billion in savings, here mainly to reduce the cost of personnel, and we put that $5.4 billion back into procurement, research and development, and operation and maintenance.

Travel the world and they will tell you that we have fallen behind in defense. If we are going to modernize America's defense forces, not compared to the Soviets or anybody else, but if we are going to give them the equipment and materiel, the training and the maintenance and operations they are going to need in the 1980's, we have got to keep these procurement figures, generally speaking, at this particular level within this budget.

This resolution was well considered. It was worked on by all of us over the past 6 months. There is no panic in this one. It is trying to alter defense priorities, and where we have systematically cut back $5 billion each year from procurement and R. & D., to try to change the direction around, cut personnel, provide for contributory retirement, cut back the 1-percent pay kickers, and cut back on the commissaries and other things, which call for much harder votes and decisions.

What the Senator proposes today with a $0.5 billion or $500 million cut in outlays is not going to change the direction of defense.

I yield my time to the Senator from Oklahoma.

Mr. BELLMON. Mr. President, I yield 3 minutes to the Senator from Kansas.

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mr. DOLE. Mr. President, I listened carefully to the distinguished Senator from South Carolina, and I certainly share his comments which he has made.

There were many, many months and hours of time spent with reference to this particular function, and there were varying views on the Budget Committee and, I believe, as one member of that committee that our recommendations in this area are sound.

We ferreted out early on what was being called "cut insurance." At least the committee members were satisfied that this cut insurance did not exist. Every effort was made, as the distinguished Senator from South Carolina has said, to find out the truth. Having in most of the instances determined what the facts were, the judgment was made on that basis.

PRESIDENT FORD—STRONG ON DEFENSE

Mr. President, in recent years, the American public has become increasingly concerned about the relative defense capabilities of the Soviet Union and the United States. Voices which in recent years have advocated substantial cuts in the defense budget today are advocating a beefed-up U.S. military posture—at least "roughly equivalent" to the Soviet Union. It is precisely this policy which President Ford seeks to implement through his defense budget requests.

Despite the administration's clear, prudent policy direction, the President is accused of soft-pedaling U.S. military strength in an effort to maintain the mood of relaxed tensions between our two nations. The not-so-subtle implication is that our national security is being risked to gain minimal trade and strategic arms concessions from the Soviet Union. Some have openly accused the administration of pursuing a military policy of "second best" with respect to the Soviet Union. In my view, such attacks are, at best, misdirected, and, at worst, selfishly and politically motivated.

For the facts simply do not support the charges and innuendoes which are advanced almost daily in this election year. As a Congressman, Vice President, and President, Gerald Ford has been keenly aware of the steady growth in Soviet military power. He recognizes that the further expansion of Soviet power in the world can be checked only if there is a countervailing strength. And he has sent to Congress defense budget requests which will insure that U.S. military capability exists to maintain this balance.

Through 25 years in Congress, no one has advocated a stronger or more prudent defense posture than Gerald Ford. As a member of the House Appropriations Subcommittee on Defense, he opposed arbitrary and unwarranted attacks on the defense budget. As minority leader, he was strongly opposed to ill-advised proposals to trim defense authorizations and appropriations. In fact, one of his final votes as a member of congress—just a week before he assumed the vice presidency—was against an unsuccessful floor amendment to reduce overall defense expenditures by $3.5 billion.

Clearly, this is not the record of a man blind to the realities of world balance of power in the 1970's. And if his unblemished prodefense record is not enough evidence for critics of President Ford's commitment to a strong national security policy, this year's Defense Department budget request should be proof positive. The President has proposed a budget which allows for a 14 percent growth in defense expenditures. Largely as a result of President Ford's leadership, both the House and Senate Budget Committees have recommended budget authority almost equal to the $113.3 billion requested by the President. With the strong urging of the administration, both the House and Senate Budget Committees rejected the proposals to reduce budget authority by over $3 billion.

If those who question President Ford's commitment to a strong national defense wish to persist with such rhetoric, they are obviously free to do so. And I suspect they will. For their criticism amounts to only so much campaign rhetoric. President Ford's commitment to a defense capability second to none is, and has been real.

Let me conclude with these observations:

The Defense Department is exercising considerable restraint—$3.4 billion savings from current policy in manpower pay and efficiency.

The Defense Establishment is not engaged in an "arms race" with Soviets. The United States does not seek numerical superiority. Rather, the Defense Department seeks to maintain quality superiority.

New generation of more effective—and more expensive weapons have to be procured. U.S. qualitative advantage will otherwise be lost.

Defense spending comparisons between the United States and Soviets are not conclusive—but clearly the Soviets have increased their defense efforts substan-

tially whereas the United States has decreased its defense efforts.

Real defense outlays decreased rapidly from the Vietnam peak in 1968 through 1972 and real outlays continued to decline from 1972 to 1975.

There was finally a slight real increase in 1976. The trend is clear, and now is the appropriate time to act to moderate it. Procurement of modern weapons needed in future years through the 1980's. We need to act now to assure a rough military balance will continue to exist over the next decade. We must realize that the Soviet Union is committing resources to defense that will enable it to project its influence as a global power, rather than only a Eurasian power.

If the turnaround in real defense spending seems too sharp, too drastic, several factors should be kept in mind.

Since 1969, the defense budget has been cut every every year by Congress.

The amount of budget authority requested but denied has averaged some $5 billion per year. We need to move decisively to make up this lost ground.

The budget authority requested is to provide for procurement needs in years ahead. The outlays do not all fall in fiscal year 1977.

In the Department of Defense 5-year defense plan, the increases in budget authority planned to be requested for coming fiscal years is not as great as that requested this year.

In dollar terms, the increase is about 14 percent for fiscal year 1977 over fiscal year 1976 but only about 7 percent in the years thereafter.

In constant dollar terms, the increase is about 7 percent for fiscal year 1977 over fiscal year 1976, but only about 2 percent in the years thereafter.

The PRESIDING OFFICER. The Senator from Georgia is recognized.

Mr. NUNN. Mr. President, I believe the Senator from Mississippi wanted to go ahead, and I will defer to him at this time, with the permission of the Senator from Oklahoma.

Mr. BELLMON. Mr. President, I yield 2 minutes to the Senator from Mississippi.

The PRESIDING OFFICER. The Senator from Mississippi is recognized.

Mr. STENNIS. Mr. President, I first commend the Senator from South Carolina (Mr. HOLLINGS) for his very fine analysis of the situation here, not only an analysis but a very fine understanding of the subject matter about which he speaks.

Now, Mr. President, I am here just as a backup man and with an expression of concern and interest of the Armed Services Committee which is now already marking up the bill with reference to military procurement of weaponry and manpower allowances and the research and development program.

We have made our estimates and sent those into the Budget Committee, and I will emphasize just one of these recommendations of the President's overall budget.

The President has already made reductions in this military program amounting to a total of $1.9 billion in which he assumed that Congress would follow him. He took credit to start with and, Mr. President, he has a good budget already, but that was a very violent assumption that Congress was going to make all of those reductions.

We, therefore, recommend to the Budget Committee that, for the time being, that assumption not be made. Well, they rejected our assumption on that. I am not complaining about it, but I pointed out as a very solid reason why this figure now at this stage certainly ought not to be reduced.

I would like to have the attention of the Senator from Indiana, if I may, Mr. President.

The PRESIDING OFFICER. May we have order in the Chamber?

Mr. STENNIS. In effect, it has already been made, and I am not complaining about it now, a reduction of $1.9 billion. If Congress does not back up all of those assumptions then more money would have to be added somewhere else.

That can be settled, but not here, now, is my point.

I can say, though, Mr. President, that the Armed Services Committee in making the markup is trying to adopt those recommendations, and has already adopted some of them and enough of them to mean some real money. For instance, the committee has already included the 1 percent kicker.

I shall not go further than that one illustration, but it has already been agreed. Our bill is coming in recommending that be adopted.

Mr. President, I will not impose on the Senate any longer now. I think this matter is well in hand by the Budget Committee, they have thoroughly considered it, and they have been fair and impartial about it. At this stage I very strongly recommend that their figure be the figure adopted by the Senate.

I thank the Senator for yielding.

Mr. MUSKIE. Mr. President, I yield myself 1 minute.

I want to emphasize the point that the distinguished Senator from Mississippi has made.

I think it is rather easy to assume that the $5.4 billion in cuts in budget authority that the committee has mandated are going to be easy to achieve. They are going to be very difficult to apply, the 5-percent cap, lifting the 1-percent kicker on retirement, the rather high figure on stockpile sales, and a number of other issues that the Congress has always found it difficult to resolve and accept. The committee mandated them because the President had recommended them and because many of them seemed worth pursuing, seemed to have some prospect for achieving savings.

But if the full amount of those savings are not achieved, then with the functional totals we put in on the defense function, the savings would have to be achieved in some other fashion, including those suggested by the Senator from Indiana, if the budget totals are to be met. I think Members of the Senate, on whichever side of this issue they may find themselves, ought to understand the difficulty of achieving those savings.

I yield to my good friend from Georgia, who is such a valuable Member.

Mr. NUNN. I thank my chairman.

The Senator from Georgia would like to emphasize, just for a brief moment, the statement made by the Senator from Mississippi and just alluded to by the Senator from Maine about the cost restraints.

These cost restraints are recommended by the President of the United States, and they are part of this overall budget resolution.

The committee this year specifically dealt with those. The committee made it very plain they expected not only the Armed Services Committee but other committees of jurisdiction to take the initiative to comply with those Presidential recommendations of cost retraints.

The Senator from Georgia emphasizes that at least half of these cost restraints, and perhaps as much as 60 percent, cannot be effected by the Armed Services Committee but must be effected by the Civil Service and Post Office Committee because the Civil Service and Post Office Committee has jurisdiction over civilian personnel.

So it is going to be a difficult task because it is not one committee dealing with these; it is several committees.

This Senator believes those savings are going to be the key to whether we really have any growth in the defense budget this year.

The Senator from Indiana is recommending a cut of about $2.6 billion in budget authority. Out of the $29.3 billion in procurement, only $3 billion relates to new initiatives in procurement. A cut of $2.6 billion in budget authority would eliminate 90 percent of the new programs in procurement.

We are not dealing with just insignificant figures here. We are dealing with the very heart of the defense budget. We are dealing with a question on this amendment of whether we are really going to have growth in procurement and research and development in fiscal year 1977.

For those who do not want any substantial growth, then, of course, the amendment would be looked on favorably. For those who believe, though, as the Senator from Georgia does that we have not had growth in the defense budget in a meaningful way in several years, then it is imperative that this amendment be defeated.

The Budget Committee has taken a responsible course of action in terms of the overall defense category.

The Budget Committee has made it very plain to those of us on the Armed Services Committee that reductions have got to be made; substantial reductions have got to be made. The reductions that have to be made are going to be much more difficult politically than reductions in procurement, research and development, and operations and maintenance would be, because they deal with people and people vote and people let their views be know.

So we are going to have a difficult time this year in accomplishing all the reductions mandated by the budget resolution.

In order to accomplish these reductions, we are going to have an unusual amount of cooperation from committees having jurisdiction in this area. The Senator from Georgia hopes that we do not compound the difficulty by agreeing to this amendment which would not affect the overall restraints, but would go much further and really eliminate most of the increase in procurement and research and development which this Senator, for one, thinks is imperative in our overall national security.

The PRESIDING OFFICER (Mr. DOMENICI). The Senator's time has expired.

The Senator from Oklahoma.

Mr. BELLMON. May I have 1 minute?

Mr. NUNN. I do not have any time to yield.

Mr. MUSKIE. Yes.

Mr. BELLMON. Mr. President, I reemphasize, as has already been done, the fact that the Budget Committee did look carefully for cuts in the defense category, and this resolution includes those cuts.

I simply state I understand they total $5.4 billion in budget authority and $4.5 billion in outlays. These come from a savings of $700 million from stockpile sales, moderation in growth, military construction, research and development, and petroleum consumption, amounting to $1.3 billion in budget authority and $.4 billion in outlays, and a total of $3.4 billion in outlays and budget authority from the pay and compensation of the military personnel.

As has been said, these require certain congressional action and, if not taken, it simply means we have to find another way to save that amount of money.

Mr. President, the accommodation with the functional committees on both the House and the Senate side becomes difficult as we reduce the defense function.

The PRESIDING OFFICER. The Senator's minute has expired.

Mr. BELLMON. One additional minute.

The House passed by an overwhelming margin of 298 to 52 a military procurement authorization that is $1 billion larger than the President's request.

This means we are going to have a difficult time accommodating the authorization committee's work with the Budget Committee's recommendation.

The actual impact of this action by the House is considerably greater because it includes a shipbuilding authorization of $2.2 billion that will have large funding requirements.

To deal fairly with the defense budget, Congress has to confront the difficult decisions of how much is enough for specific measures required by our national security and the interest of our allies.

The Budget Committee has tried very hard to take these matters into account and I strongly believe the conclusion we have reached is the right one that deserves the support of the full Senate.

The PRESIDING OFFICER. The Senator from Indiana has 14 minutes remaining.

Mr. BAYH. Mr. President, I have pretty well said what I had to say.

I sat here and listened to my friend from South Carolina almost make light of his friend from Indiana and my motivations.

I would hope we could disagree without getting into that area.

The fact of the matter is that I do not blame the Budget Committee for their efforts in trying to resolve a very difficult situation.

They did make cuts. They were the cuts requested by the President. I salute them for it. But I think we all recognize that those areas where the cuts were made by the Budget Committee are going to be the most difficult ones to keep in that budget.

What in essence we did was put a limit on how much a PFC could make, but we did not put a limit on spending for missiles, the kind of limit I would like to see us make. That is the kind of concern I have.

I listened to my distinguished colleague, my friend from Georgia, talk about the way we just decimated the procurement budget.

If Senators will look at the facts of the matter, we have gone from $21.2 billion in procurement last year to $29.3 billion this year, and in research and development, we have gone from $9.4 billion to $10.9 billion.

I do not want to hurt defense. Much of this cut that the Senator from Indiana was suggesting is for future authorization. I hope that the Pentagon can go back and look at some of these weapons systems and see how we can eliminate some of the extra cost per unit so we can afford to buy more units.

Despite all the cuts, made by the Budget Committee, we still end up with $9.6 billion in increased growth, real growth, in the baseline defense budget. That is a 10.3-percent real increase in the defense budget.

I wonder. At a time when we are being asked to cut back in other areas, is it really necessary to do that to maintain our defense?

I would like to have a little fun with my good friend from South Carolina in response to the fun, and I hope with the fun he has been having with me.

I must say not having been a member of the committee, I had to look to see what was being said. I found in the RECORD the following statement:

> The only logical conclusion is that the President expects Congress to cut at least $6 billion and has added about that much cushion to his budget. If we make cuts in an effort to eliminate waste and keep overall Federal spending within prudent levels, then I suppose the administration will attack us for deep, savage, and arbitrary cuts. The President, in short, seems to be playing a cynical and dangerous game with the Defense budget.

I would ask unanimous consent to have that entire speech as well as a memo, which said that cut insurance of $3 billion is provided in the budget as a cushion for congressional action, printed in the RECORD at this point. Those very telling words were uttered by my distinguished friend from South Carolina right here in this Chamber.

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

THE DEFENSE BUDGET

Mr. HOLLINGS. Mr. President, the New York Times today reported the existence of a White House staff memorandum indicating that the fiscal 1977 defense budget contains at least $3 billion as a cushion against congressional reductions. I have a copy of the memorandum in question and I ask for unanimous consent that the New York Times article and the memorandum be printed in the RECORD following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered. (See exhibit 1.)

Mr. HOLLINGS. As my colleagues are aware, last November President Ford decided to allow $110 billion in total obligational authority for the Department of Defense and military assistance in 1977. This represented a $12 billion increase over 1976. The document referred to by the New York Times is an Office of Management and Budget memorandum explaining the details of the $12 billion increase.

In reaching his decision on the $110 billion budget figure, the President reviewed requests from the Department of Defense totalling $116.8 billion. A memorandum listing his decisions was presented to Secretary of Defense Rumsfeld on November 24. I ask unanimous consent that this memorandum also be printed in the RECORD following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered. (See exhibit 2.)

Mr. HOLLINGS. Subsequently, President Ford decided to rescind some of the cuts detailed in the November memorandum and to take other actions which added a net $2.7 billion to his defense budget request. Thus the request we now must consider totals $112.7 billion in total obligational authority—an increase of more than $14 billion over last year. I ask unanimous consent that tables showing the $112.7 billion, and the corresponding budget for 1976, be printed in the RECORD.

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

(See exhibit 3.)

Mr. HOLLINGS. Mr. President, I am told that OMB Director Lynn and Defense Secretary Rumsfeld emphatically deny that the defense budget has been padded to offset expected congressioonal cuts. But the implications of the President's defense budget changes are clear from these documents. Let me quote from the OMB memo, which says that the $110.0 billion budget includes $4.4 billion to cover inflation, $2.9 billion in "real growth" in purchases, over and above inflation, and $3.0 billion in "cut insurance." On page 2 of the memorandum, we read the following explanation, and I quote "Cut insurance of $3.0 billion is provided as a cushion for congressional action."

Last year and again this year, the President requested an annual increase of 4 percent in real defense purchases—or 2 percent overall. That is, he wants an increase, over and above inflation, that would allow defense purchases to grow at 4 percent a year over the next 5 years. Last year the Congress exceeded this target by a large margin. We provided 10 percent real growth in investment operations and maintenance purchases, after cutting the budget request by more than $7 billion. This year the President is seeking real growth in purchases of about $8.5 billion, or about 16.3 percent—considerably above the 4 percent long-term growth rate which he has repeatedly requested.

The only logical conclusion is that the President expects Congress to cut at least $6 billion, and has added about that much cushion to his budget. If we make cuts, in an effort to eliminate waste and keep overall Federal spending within prudent levels,

then I suppose the administration will attack us for "deep, savage, and arbitrary" cuts. The President, in short, seems to be playing a cynical and dangerous game with the defense budget.

I am not prepared to say how large the defense budget for 1977 should be without a careful review of the Nation's defense needs, in the light of overall budgetary restraints. As we are all aware, there has been a steady growth in certain Soviet military forces which can only give rise to concern about the future balance of power in the world. It is not yet clear to me what we as a nation must do to maintain a balance, or how rapidly we must move. As Chairman of the Defense Task Force of the Senate Budget Committee, I intend to pursue these questions carefully in the coming weeks. I am sure that my colleagues on the Armed Services and Appropriations Committee will be doing the same thing, in great depth and with their well known attention to detail. And I shall listen attentively to their advice on our defense needs.

But there is one thing of which I am quite certain. The defense budget we have been presented this year has the usual quota of lame duck projects and fat. Let me give one example. Comparing the 1962–65 period with the most recent 4 years. 1973–76, the budget for training, medical, and other personnel support activities increased from an annual average of $6.7 billion to an annual average of $19.1 billion, while the number of defense employees decreased from 3.8 million to 3.1 million, counting active duty military and civilians. Factoring out inflation, the cost of these personnel support activities has increased, from the 1962–65 average of $4,482 per man, to $7,547 per man in the 1977 budget—an increase of 68 percent.

If we were to limit training, medical, and other support activities to the average cost per man in the 1962–65 period, measured in today's prices, we could save over $9 billion—without cutting combat forces or modernization.

Some of the added $9 billion in personnel supports costs may be justified by today's Volunteer Army. But I have serious doubts that all of it is essential to our defense. I intend to find out why this enormous increase has taken place, and what can be done to bring these support costs back into line.

EXHIBIT 1

[From the New York Times, Feb. 4, 1976]

PENTAGON BUDGET REPORTED PADDED

(By Leslie H. Gelb)

WASHINGTON, February 3.—The Pentagon's budget request for the fiscal year 1977 has been padded by $3 billion as a cushion against expected Congressional cuts, according to a memorandum prepared in the President's Office of Management and Budget.

The $3 billion figure, labeled in the memorandum as "cut insurance," was contained in the budget office's recommendation to Mr. Ford to set military spending authority at $110 billion—a figure that President Ford increased by $2.7 billion.

A copy of the memorandum has been obtained by The New York Times.

BUDGET FIGHT RECALLED

Spokesmen for the Pentagon and the Office of Management and Budget denied any padding in the budget request. Donald G. Ogilvie, head of the National Security Division of the budget office, said that he could not recall this memorandum, but added that no such memorandum had been given to the President.

"I have heard the concept of cut insurance discussed in connection with the defense budget, but there is no such concept included in the President's budget," he said.

President Ford decided to ask Congress for $112.7 billion for the Pentagon in the fiscal year beginning in October after a long struggle between his budget office and the Pentagon, a struggle in which he dismissed Defense Secretary James R. Schlesinger. Mr. Schlesinger had publicly described arms cuts as "deep, savage and arbitrary."

While the proposed Pentagon budget is widely supported in the Administration, some Administration officials have expressed displeasure over the President's decision to ask for $2.7 billion more than recommended by the Office of Management and Budget. To these few officials the Pentagon's request is now padded by a total of $5.7 billion.

However, the Defense Department's spokesman, William I. Greener, Jr., said in a telephone interview, "Defense Secretary Rumsfeld is perfectly prepared to defend the budget in its entirety."

Speaking for Budget Director James T. Lynn, Mr. Ogilvie said, "I can assure you that the President reviewed each major defense program at length and has recommended only what he believes is needed for national security."

The memorandum, written last October in the budget office, says that "cut insurance of $3 billion is provided as a cushion for Congressional action."

Anticipating Congressional reductions—and sometimes increases—is standard executive branch technique in preparing the Federal budget. A variety of officials, however, found it difficult to recall its ever being written down in an official paper.

In 1974, Representatvie George H. Mahon, the chairman of the House Appropriations Committee, told Mr. Schlesinger in open hearings that he had it "on good authority," that the President had increased the over-all Federal budget by $5 billion. In response, Mr. Schlesinger, in effect, acknowledged that as part of this $5 billion, the Pentagon's budget had been increased by more than $1 billion as a stimulus to a lagging domestic economy.

This year's defense budget could rise by an additional $2.8 billion that the Pentagon did not include in its request. These funds—including commissary and base closings—were left the assumption that Congress would be willing to agree to the omissions. This is generally regarded as highly unlikely, because these funds are important to a number of local economies.

The memorandum prepared in the budget office is entitled "Explanation of Annual Increases in the Defense Budget Levels 1976–78." It shows a budget office recommendation of $122.6 billion in spending authority for the fiscal year 1978, including an additional $3 billion in cut insurance."

EXHIBIT 1

EXPLANATION OF ANNUAL INCREASES IN THE DEFENSE BUDGET LEVELS (1976–78)[1]

[Showing the changes in the Defense budget in TOA and outlays between 1976 and 1977, and 1977 and 1978; in billions of dollars]

| | 1976 | Increase | 1977 | Increase | 1978 |
|---|---|---|---|---|---|
| TOA | | | | | |
| Military and civilian pay | 38.2 | 2.6 | 40.8 | 5.1 | 45.9 |
| Retired pay | 7.3 | 1.0 | 8.3 | 1.2 | 9.5 |
| Naval petroleum reserves | .1 | .4 | .5 | 1.3 | 1.8 |
| Other purchases | 51.4 | 4.4 | 55.8 | 3.1 | 58.9 |
| Real growth | | 2.9 | 2.9 | 3.0 | 5.9 |
| Cut insurance | | 3.0 | 3.0 | | 3.0 |
| Efficiencies | | −2.0 | −2.0 | −1.0 | −3.0 |
| Military assistance | 1.0 | −.3 | .7 | −.1 | .6 |
| Total | 98.0 | 12.0 | 110.0 | 12.6 | 122.6 |
| OUTLAYS | | | | | |
| Prior year programs | 48.8 | 4.0 | 52.8 | 7.1 | 59.9 |
| Budget year program | 41.2 | 5.0 | 46.2 | 5.3 | 51.5 |
| Total | 90.0 | 9.0 | 99.0 | 12.4 | 111.4 |

EXPLANATION OF INCREASES

*Total obligational authority*

Military and civilian pay increases $2.6 billion in 1977 and $5.1 billion in 1978. The 1976 to 1977 increase is reduced $2.6 billion due to the 5% pay cap, otherwise the 1977 and 1978 increases would be comparable.

Retired pay increases $1.0 billion in 1977 and $1.2 billion in 1978. The 1978 increase is $.2 billion greater than the 1977 increase due to higher population and a $.1 billion higher increase for cost of living adjustments in 1978 than in 1977.

Naval petroleum reserves increases $.4 billion in 1977 and $1.3 billion in 1978 in order to fund the purchase of strategic petroleum reserves. This legislative proposal has not yet been enacted; thus, the estimates are likely to be changed by Congressional action.

Other purchases increase $4.4 billion in 1977 and $3.1 billion in 1978 to provide fully for anticipated purchase inflation of 8.5% for the 15 months between 1976 and 1977 and 5.3% between 1977 and 1978. These estimates assume that purchase prices (excluding compensation) will increase at a rate half way between the rates forecast for the GNP deflator in the OMB current services high and low paths.

Real growth on purchases, excluding Naval petroleum reserves, is $2.9 billion in 1977 and $3.0 billion in 1978. This amounts to 5.2% in 1977 and 5.1% in 1978. Including Naval petroleum reserves, real growth for purchases amounts to $3.3 billion or 5.9% in 1977 and $4.3 billion or 7.1% in 1978.

Cut insurance of $3 billion is provided as a cushion for Congressional action.

Efficiencies of $2 billion grow to $3 billion by 1978. These savings result from adjustments which do not reduce real Defense output.

*Outlays*

While Total Obligational Authority (TOA) for DOD military functions increases $12.0 in 1977 and $12.6 in 1978, outlays increase $9 billion in 1977 and $12.4 billion in 1978. This lag in outlays is due primarily to the rate at which TOA is expended for Defense programs. In a normal fiscal year TOA for military programs would be expended:

42% in the budget year;
36% in the second year;
12% in the third year;
6% in the fourth year; and
4% in the fifth or later years.

Thus, 58% of outlays are generated by prior year TOA. Outlays from prior years are less in the 1976 and 1977 estimate than in the 1978 estimate because prior year TOA was significantly less in 1973–1976 than in 1975–1977;

[In billions of dollars]

| | TOA | Annual Increase |
|---|---|---|
| 1973 | 80.2 | ---- |
| 1974 | 85.0 | 4.8 |
| 1975 | 88.0 | 3.0 |
| 1976 | 98.0 | 10.0 |
| 1977 | 110.0 | 12.0 |
| 1978 | 122.6 | 12.6 |

EXHIBIT 2

MEMORANDUM FOR SECRETARY OF DEFENSE

Subject: Results of President's Review of FY 1977 DoD Budget-Information Memorandum.

For several hours on Friday afternoon and again on Saturday morning, the President reviewed in detail OMB's recommendations with respect to the FY 1977 DoD Budget. Attached is a summary of the President's decisions as conveyed to us by Don Ogilvie and Dave Sitrin. It is our understanding that Jim Lynn will be contacting you directly with the results of the meetings.

While the total of the reduction for FY 1977 is $6.8 billion dollars, many of the adjustments have been or will be accommodated in our own budget scrub. It appears, therefore, that the net effect of the Presidential decisions would be to reduce the DoD budget to the neighborhood of $110 billion. While the President did not address a specific budget amount for DoD, the OMB staff feels that he is continuing to think of a number of approximately that size.

We are reviewing the details of the President's decisions but several preliminary comments seem to be in order:

1. The President has directed that $846 million be added to the Navy budget to fully fund the FY 1975 and prior shipbuilding deficiencies. This reverses a previous decision by the Deputy Secretary of Defense and puts into the budget an amount which will probably be deleted by the Congress since the funds are not required for obligation in FY 1977. We would rather have seen this amount considered as an add-on to the overall DoD budget total.

2. The President has applied a 5% pay cap to wage board employees and retirees as well as to the classified civilian and military personnel. In the case of the former two, it is unlikely that Congress will pass the necessary legislation which means that we will absorb a further program reduction to finance pay increases as was the case in FY 1976.

3. The President has directed DoD to finance a $437 million military construction project for an aeropropulsion system test facility. This is an item which the DepSecDef had already decided to defer in view of budget constraints. The President's decision coupled with his other decisions involving military construction and family housing makes the reductions in this portion of the budget particularly deep. We would be required to make further reductions of over $1 billion which would result in a program approximately 25% below the FY 1976 level.

4. A number of the President's decisions require specific legislation which also makes DoD vulnerable to further program cuts should the legislation not be enacted by the Congress.

Pending further guidance, including whether any of the decisions will be appealed, we will be preparing the necessary budget documents to implement the President's decisions.

TERENCE E. MCCLARY,
*Assistant Secretary of Defense.*

Enclosure.

SUMMARY OF TENTATIVE REDUCTIONS BY PRESIDENT

[In millions of dollars]

| | Fiscal year— 1977 | 1978 |
|---|---|---|
| **STRENGTH REDUCTIONS** | | |
| Hold military and civilian pay increases to 5 percent and retired pay to 60 percent of CPI. Legislation required for wage board and retired personnel caps | −2,651 | −385 |
| Reduce military strength levels of 37,000 from the number requested in support and noncombat categories, including 10,000 by revision of PCS practices | −180 | −250 |
| Reduce civilian employment levels by 48,000 (5 percent) in total (40,000 full-time permanent) from the requested level | −450 | −900 |
| **RESERVE COMPONENT REDUCTIONS** | | |
| Reduce reserve forces manpower paid drill strength by 40,000 from the requested level to program | −46 | −46 |
| Reduce reserve component manning to 90 percent of requirements | −17 | −17 |
| Reduce guard and reserve pay practices and related programs by eliminating dual compensation for Federal employees who are reservists; eliminating administrative duty pay; and eliminating the practice of paying certain reservists 2 days of pay for 1 8-hr extra drill period. Legislation required to eliminate dual compensation and change to 1 day's pay per drill day | −69 | −69 |
| Reduce reserve component drill pay strength for headquarters spaces | −15 | −15 |
| **MILITARY COMPENSATION AND BENEFITS** | | |
| Do not authorize junior enlisted travel entitlements (household goods or travel of dependents) | −136 | −181 |
| Suspend enlistment bonuses, due to success of the all volunteer force | −61 | −61 |
| Reduce pay and allowances of cadets and midshipmen to expenses plus $125 per mo, legislation required | −5 | −5 |
| Phase out commissary subsidy over a 3-yr period. Legislation required to permit surcharge to cover payroll costs | −103 | −205 |
| Restudy nonappropriated fund activities | | |
| Fair market rental. Convert on-base military housing to a fair market rental system by 1984 by allocating a greater portion of figure pay raises to quarters allowances. Legislation required to allocate higher percentage of pay raises into quarters allowances vice base pay | −52 | −119 |
| Require accounting for but do not terminate personal money allowances | | |
| **OPERATIONS** | | |
| Reduce personnel turbulence and PCS moves by gradually implementing changes to make Hawaii a domestic rather than an overseas tour; homebasing; and planning to meet prescribed average overseas tour lengths | −219 | −241 |
| Reduce real property maintenance by holding back-logs to existing levels; and contracting out | −222 | −252 |
| Reduce energy consumption consistent with military requirements but not by any fixed amount | | |
| Limit civil defense functions to those closely related to nuclear disaster preparedness | −83 | −88 |
| Reduce administrative travel to a level of 5 percent below actual 1975 | −94 | −74 |
| Examine MAC charter concept for economics consistent with CRAF support and without undue impact on charter airlines | | |
| Rate stabilization | −500 | |
| **CONSTRUCTION/HOUSING** | | |
| Delete or defer military lower priority construction projects | −804 | −411 |
| Construct an aeropropulsion systems test facility (ASTF) to improve design and test capability of new aircraft engines | +437 | −437 |
| Reduce leased and new construction family housing units where local community off-base housing can fill needs; limit improvements to essential minimums; and provide only essential operating and maintenance costs | −320 | −155 |
| **INVESTMENT** | | |
| Cancel procurement of nonnuclear Lance; and defer long-lead funding of the XM-1 | −115 | −110 |
| Fund a conventionally powered destroyer as 1st Aegis ship and plan for a nuclear-powered cruiser to follow | | |
| Defer advance funding for new nuclear powered aircraft carrier until design characteristics are better defined | −200 | −100 |
| Defer 1 oiler and 1 destroyer tender in 1977; defer 1 oiler in 1978 | −363 | −142 |
| Reestablish full funding of the 1975 and prior year shipbuilding programs | +846 | −356 |
| Cancel Condor missile. Notify House/Senate conferees of decision | −49 | −65 |
| Hold A-10 production to current rate of 5 per month in 1977 pending correction of structural defect | −393 | −399 |
| Discontinue inefficient Navy aircraft production lines (A-4M, A-6E, E-2C, and C-130) | −402 | −417 |
| Initiate procurement of advanced tanker/cargo aircraft in 1978 | | +300 |
| Defer decision to continue Minuteman III production pending Presidential decision in light of SALT | −322 | −340 |
| Reduce AWACS procurement from 6 to 3 per year, fiscal year 1977–78 | −188 | −188 |
| Total | −6,776 | −5,738 |

EXHIBIT 3

DEPARTMENT OF DEFENSE BUDGET

FINANCIAL SUMMARY BY APPROPRIATION CATEGORY

[In billions of dollars]

| Appropriation title | Current dollars, total obligational authority, fiscal year 1974 | 1975 | 1976 | 1977 |
|---|---|---|---|---|
| Military personnel | 24.1 | 24.9 | 25.6 | 26.5 |
| Retired pay | 5.1 | 6.2 | 7.3 | 8.4 |
| Operation and maintenance | 23.9 | 26.2 | 28.9 | 32.4 |
| Procurement | 17.5 | 17.4 | 21.4 | 29.3 |
| R.D.T. & E | 8.2 | 8.6 | 9.5 | 11.0 |
| Military construction | 1.8 | 1.8 | 2.4 | 2.3 |
| Family housing | 1.1 | 1.2 | 1.3 | 1.2 |
| Civil defense | .1 | .1 | .1 | .1 |
| Revolving and management funds | | | .1 | .4 |
| Military assistance | 3.3 | 1.6 | 1.5 | 1.2 |
| Total | 85.1 | 87.9 | 98.3 | 112.7 |

DEPARTMENT OF DEFENSE BUDGET, FINANCIAL SUMMARY BY APPROPRIATION CATEGORY—CONSTANT PRICES

[In billions of dollars]

| Appropriation title | Constant fiscal year 1977 dollars, total obligational authority, fiscal year 1974 | 1975 | 1976 | 1977 |
|---|---|---|---|---|
| Military personnel | 29.1 | 27.9 | 27.3 | 26.5 |
| Retired pay | 7.1 | 7.6 | 8.0 | 8.4 |
| Operation and maintenance | 31.3 | 30.2 | 31.1 | 32.4 |
| Procurement | 21.4 | 19.8 | 22.9 | 29.3 |
| R. D. T. & E | 10.2 | 9.9 | 10.2 | 11.0 |
| Military construction | 2.3 | 2.1 | 2.6 | 2.3 |
| Family housing | 1.5 | 1.4 | 1.4 | 1.2 |
| Civil defense | .1 | .1 | .1 | .1 |
| Revolving and management funds | | | .1 | .4 |
| Military assistance | 4.4 | 1.8 | 1.6 | 1.2 |
| Total | 107.3 | 100.7 | 105.3 | 112.7 |

Mr. HOLLINGS. May I have one moment, Mr. President?

The PRESIDING OFFICER. The chairman has no time remaining.

Mr. HOLLINGS. Except on the resolution.

How much time remains on the resolution?

The PRESIDING OFFICER. The Senator from Indiana has 9 minutes remaining.

Mr. BAYH. I will be glad to give the Senator from South Carolina 1 minute.

Mr. HOLLINGS. No, it was misleading figures that have created a sense of near panic.

A loud cry for drastically increasing expenditures by the United States.

"I believe" and this is the Senator from Indiana, "this atmosphere is reflected in the Budget Committee's acceptance of the administration Defense budget with little question and only minor cuts."

I just wanted to bring to the Senator's attention that since last fall and for the past 6 months, we have been

working extremely hard to try to get at all these things with respect to pay with hearings galore, looking into every facet of personnel and everything we could think of, from a mission budget approach to the CIA, and doing everything that we could possibly do. I was not making light, but was trying to answer what the Senator told all our colleagues.

Mr. BAYH. I will say to my friend from South Carolina that, I think we can objectively look at these facts, look at the Russian threat, and come to a legitimate difference of opinion as to what the answer is without suggesting that there are any ulterior motives or that anybody is really trying to do great damage. We just look at things differently. The fact of the matter is I salute my friend and his colleagues for making those cuts, all of which, except the $300 million proposed by the Senator from Maine, were cuts that were suggested by the President. We did not have any congressionally initiated cuts in that budget except the $300 million. We did not look at some of these new weapons systems and see whether there was a way to improve them.

Mr. NUNN. Will the Senator yield for a question?

Mr. BAYH. Yes.

Mr. NUNN. Is the Senator able to point out any other category of the budget where the Congress has taken the initiative and cut below what the President recommended?

Mr. BAYH. No, I cannot.

Mr. NUNN. The Senator seems to be saying that that is what we should have done in defense. Is there any other area where that has been done?

Mr. BAYH. No. I happen to have a deep difference of opinion with a President who wants to increase the defense budget by better than 10 percent and wants to phase out summer job programs. As the Senator from Washington knows, if the President has his way, this time next year there will not be a single job for kids when they get out of school in the summertime. He wants us to cut back on cancer research. He wants to cut across the board on biomedical research. Do not get me started on that, I say to my colleague. I do not think he agrees with the President's approach either.

I believe the Senator from New York wanted 2 minutes. I said I would yield to him a moment ago.

Does he still wish that time?

The PRESIDING OFFICER. The Senator from Indiana has the only time remaining on this amendment. Who yields time? The Senator from Indiana has 2 minutes remaining.

Mr. BAYH. I yield to the Senator from South Carolina.

Mr. HOLLINGS. Mr. President, I thank my distinguished colleague, the Senator from Indiana.

I have here a letter written subsequent to the statement that I referred to from the Congressional Budget Office. We did our level best, including Dr. Rivlin and the whole CBO, to find that $3 billion of "cut insurance," because, as my statement indicated, we have looked for any kind of padding in the bill, any kind of cushion, and anything else.

The letter speaks for itself. I ask unanimous consent that it be printed in the RECORD, and I appreciate the Senator from Indiana yielding me this moment to put the letter in.

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

CONGRESSIONAL BUDGET OFFICE,
*Washington, D.C., March 5, 1976.*

Hon. ERNEST F. HOLLINGS,
*Committee on the Budget, U.S. Senate, Washington, D.C.*

DEAR SENATOR HOLLINGS: At the Senate Budget Committee hearings on February 4 you asked to look in to what became of the $3 billion of "cut insurance" and of the $2.7 billion of tentative presidential cuts in the DoD budget.

There is no way to identify the "cut insurance" with particular DoD programs. However, examination of the memo and table you provided suggest that the difference between the OMB-proposed $110 billion program and the budget request finally submitted to Congress is contained in purchases; that is, in procurement, R & D, or O & M. At the level of $110 billion of TOA, OMB included provision for a 5 percent cap on pay. In the final budget submission, military and civilian pay were held to approximately $2 billion below the earlier projection of $40.8. So the "cut insurance" is, in effect, somewhere in the requested purchases.

It is important to realize that the OMB memorandum appears to be written for the negotiations among OMB, the DoD, and the President over total budget levels rather than as a regular part of the DoD budget process. We do not know how different this year's budget setting process was from the usual pattern, but planning was probably disrupted by the President's decision so late to hold the total below $395 billion. Thus this memo may very well not relate to any coherent program.

Similarly, we do not have enough information to identify all of the additions above the $110 billion level. Some of the cuts specified in the memorandum were maintained; others were restored in part or totally. For example, Minuteman III production was cut and longlead items on a nuclear carrier were deferred, but AWACs procurement was restored to 6 in FY 1977, production of some of the Navy aircraft mentioned is to be continued, and the A-10 production rate was not cut to 5 per month.

Sincerely,

ALICE M. RIVLIN,
*Director.*

Mr. CRANSTON. Mr. President, I rise in support of the amendment of the distinguished Senator from Indiana (Mr. BAYH) to cut excessive defense spending. I am going to be one of its cosponsors. The Budget Committee made only token cuts in the highly inflated Presidential request, as the Washington Post pointed out in its editorial this morning.

I do not share the view it would damage the budget process if we altered the expression of priorities which the majority of the Budget Committee—often by a closely divided vote—has chosen in the resolution it has reported to us for our consideration.

Few Members of the Senate have worked harder than I have to establish this budget process and to make it work. I remain committed to that goal. I welcome the opportunity to pursue this goal as a member of the Budget Committee.

But, I do not believe that the committee has appropriately allocated Federal spending in this resolution, and I believe—as the chairman of the Budget Committee has clearly and carefully said he believes—that the Senate should be free to adjust those priorities in accordance with this view of our national needs.

The National defense function contains one-fourth of the Federal budget and is the most difficult area in which to assess national need. One invaluable tool in that assessment is a mission approach to the budget, which Senator CHILES has taken the lead in developing, and which is required under the Budget Act for all agencies by fiscal year 1979.

Although equipped to do so, the Defense Department refused this year to furnish the information necessary for this approach to its budget.

In the absence of this mission material, the committee accepted the President's budget request without substantial change. There are, however, huge amounts for concepts of defense and for specific weapons systems which may well be unsupported by our defense or foreign policy needs. These will commit us to spending additional tens of billions of dollars in fiscal year 1977 and for years afterward. And instead of requiring proponents to demonstrate need—as in other areas—here the committee shifted the burden to opponents to demonstrate lack of need, an unfair and unwise shift of the burden.

Although there are numerous cases to be made, I do not believe the debate on the budget resolution is the appropriate forum to debate the merits of particular weapons systems, foreign military sales, or other specifics.

We should instead consider what we hope to accomplish with our defense budget, and what we need to accomplish it. And then, how that relates to other categories of expenditures relevant to our security and well-being, to the budget as a whole, and to revenues and thus to the deficit and thus to the health of our economy, which is itself a vital ingredient on a sound national defense posture. We should examine alternatives to the President's approach to foreign policy and defense, and the budget figures that would support those alternatives. The committee generally agreed, I think, with this approach, but, it did not pursue it this year.

The objective of our Defense Establishment is to see that we are strong enough to deter and, if deterrence is unsuccessful, then to defend ourselves, our allies, and our vital interests. The objective, too, is to be strong enough to prevent ourselves and our allies from being coerced by any potential enemy or enemies.

How much do we need to spend, and which capabilities must we acquire through that spending to achieve those objectives?

Certain measurements are of little use in making such determinations. Soviet spending data indicates only trends. Cost estimates are incomplete, inaccurate, and do not provide useful comparisons. "Dollar comparisons of the United States

and U.S.S.R. military forces have no relevance to comparative effectiveness," the executive branch has said.

Equally valueless are comparisons of defense versus nondefense spending, or comparisons between defense spending and the GNP. These do not tell us whether we are spending too little, or, as I believe, too much. A better test is: What is the military capacity of our principal possible foe—the U.S.S.R.—and how does it compare with our own? But that comparison, too, may be irrelevant unless Soviet advances affect our deterrent capability or our ability to defend the United States, our allies, or our interests.

President Ford stated on April 2, the day after the committee completed work on this resolution, that "the United States is unsurpassed by any other nation as far as military capability is concerned." He said America's ballistic missiles are much more accurate and less vulnerable than those of the Soviet Union "and we have a 2-to-1 lead in warheads."

He said the United States leads Russia in strategic aircraft 3 to 1. Trend analysis is another approach that can be misleading.

In 1965, the United States had a 6-to-1 lead in nuclear warheads. Now our lead has been reduced to less than 3 to 1. That sounds alarming, does it not?

But, actually, our advantage has increased: In 1965 we had 3,800 warheads to their 600; now we have 8,900 to their 3,500.

Our lead has grown from 3,200 to 5,400. And the Chairman of the Joint Chiefs has stated—

> A numerical advantage of even 1,000 warheads has strategic significance.

Obviously, both sides possess deterrent capability. We hold the edge, but, obviously, our former complete dominance of the early fifties and sixties is gone.

Since we cannot have complete dominance, do we need to increase even further our big lead in an area where plainly—just speaking of nuclear deterrent weapons—we have the capacity to deter and there is no sign that we are going to lose that?

When comparisons are made in terms of other specific capabilities, it is clear the United States is more than holding its own. We have more warheads, and we have more accurate warheads, than the Soviet Union. We have a 9-to-1 lead in MIRV's. The B-1 bomber assures our superior strategic air capability to the year 2000. In tactical aircraft, we have the two best fighters in the world in the F-14 and F-15.

In the European theater, there is more or less a standoff. The other side has numerical advantages in conventional forces—but we maintain an advantage in tactical nuclear weapons.

At sea, the United States has built more tons of shipping than the Soviet Union since World War II. The United States builds fewer, larger, more capable ships than the Soviets.

As it was put in the House, "We can't buy floating Cadillacs and complain that the other fellow, who put his money into Chevrolets, has more cars than we do."

A very significant part of the U.S.S.R. military effort is not related to us. One estimate is that three-quarters of it is related to the United States, and one-quarter to China. The Soviet Union invests heavily in air defense, in internal security and KGB border guards, and in control in Eastern and Central Europe—programs relevant to U.S.S.R. problems but not posing a direct military threat to us.

A CIA and DIA publicly revealed estimate is that these factors—China, air defense, maintaining their iron rule in Eastern and Central Europe and at home—account for 50 percent of the Soviet increase in military spending since 1968.

President Ford has stated again and again in recent days that we are second to no nation—that we are unsurpassed.

I think that is true.

What, then, newly threatens our security? What increased threat is there to justify a very large increase—beyond inflation—in military spending? What do we really gain by that spending? Is it really necessary, in view of our vast deficit, and the underfunding of our domestic programs?

Even if we think some growth in defense spending is justified, do we have to grow at the President's pace? Despite complaints that there have been trends in recent years to cut back the defense budget, the actual fact is that the defense budget grew last year from a 1975 budget authority level of $91.1 billion to a 1976 figure of $105.6 billion. That is a growth rate of approximately 9.4 percent—while the inflation rate was only slightly more than 7 percent.

So, we have had a 2-percent real growth in military spending from last year to this year—not a standstill, not a turndown.

Personnel increases caused a significant part of that growth last year. But this year's budget reflects huge growth in the investment accounts.

There is the matter of the "cut insurance" of $3 billion allegedly in this budget. An OMB internal memo came to light, describing defense total obligational authority. It is entitled "explanation of entries." One item reads, "cut insurance of $3 billion is provided as a cushion for congressional action."

Senator PROXMIRE has indicated—

> The fiscal 1977 defense budget contains at least two categories of funding which are distinctly related to bureaucratic initiative rather than force requirements. The $2.7 billion Rumsfeld add-on, and the $3.0 billion cushion represent bureaucratic legerdemain.
>
> A careful pruning of the fiscal year 1977 budget should begin with these two sums. It is clear the defense budget contains billions of dollars in funding not directly related to critical programs or force levels.

There is huge real growth in the defense request approved by the Budget Committee. I see no valid reason for it. I believe a cut from the level of the committee's resolution is in order, and I support the amendment of the Senator from Indiana to achieve that cut.

Mr. THURMOND. Mr. President, I rise in opposition to the pending amendment by the distinguished junior Senator from Indiana, Mr. BAYH, who is proposing to cut the defense functional category by $2.6 billion in budget authority and $500 million in outlays.

Because of the time limitation it will be my purpose to just make note of some of the reasons why I shall vote against the pending amendment.

For the first time in a number of years the defense budget proposal by the administration provides for significant real growth in the defense budget.

The Defense Department analysts have found that while this budget is an increase of about $13 billion in budget authority, the real growth amounts to about $5.8 billion or 5.4 percent.

There are a number of reasons why I feel this recommendation by the Senate Budget Committee should be approved by the Senate. They are as follows:

First. The Senate Budget Committee proposal is close to the $114 billion recommended by the Senate Armed Services Committee.

Second. This spending level represents considerable analysis and study by two Senate committees, the Budget Committee and the Armed Services Committee.

Third. The Senate Budget Committee level is actually deceiving in that it assumes passage by the Congress of about $1.9 billion in legislative proposals by President Ford.

Fourth. The fact is that some of these legislative proposals will not be approved by Congress and the cuts will either have to be taken in defense or recognized by the Budget Committee in the second concurrent resolution.

Fifth. This modest growth in defense spending is necessary because the Soviets have in the past 15 years constructed a formidable war machine.

Sixth. The growth in Soviet military power is beginning to threaten U.S. superiority and could place the Soviets in a dominant position in the 1980's if we do not respond immediately.

Seventh. The Senate should remember that defense spending today will not be reflected in hardware until years ahead. Thus the U.S. trend of cutting defense in past years must be reversed if we are to meet the inevitable threat in the 1980's and beyond.

Eighth. It is a recognized fact that ships and aircraft are not in full service for lack of overhauls, spare parts and maintenance. This situation must be corrected.

Ninth. The Senate must also realize manpower has been constantly reduced in the past 5 or 6 years to the point where today's personnel manning is the lowest since before the Korean War.

In conclusion, Mr. President, it is my feeling that any proposed reductions in the defense budget should be considered in amendments to the procurement bill rather than an across-the-board cut as provided in the pending amendment.

Therefore, I urge the Senate to support the Budget Committee and the Armed Services Committee by rejecting the proposal by the Senator from Indiana.

Mr. MOSS. Mr. President, I rise to speak regarding the Bayh amendment which would cut defense by $2.6 billion in budget authority and $0.5 billion in outlays.

In considering the national defense function in this resolution, I could not help but reflect on the world situation and the state of our economy. Some assert that the United States is becoming a second rate power. I do not share that pessimistic appraisal. But we live in a dynamic world. And history teaches that former societies not attending to their own defense, soon found that their neighbors did. The world scene is not comforting. Despite SALT talks, Soviet military strength remains strong and is gradually increasing.

We must resolve our domestic economic problems, and they are not automatically solved by a strong national security posture. But without such a climate, how can we be assured of the opportunity to even work toward a solution of such problems. The Nation can afford to make the necessary expenditures to meet its security needs. But how much is enough to do this is the real question. We should not expend resources beyond our real needs for whatever purpose. The budget reflects certain initiatives to improve management of the Defense Establishment. But costs continue to rise. Therefore, it is important that Congress continue to keep the pressure on to improve defense management, to make better use of the resources which Congress has provided.

One thing that will be helpful toward this end is use of the mission-type budget, so that this committee and the Congress will have a better perspective for comparing budget proposals with military and foreign policy strategies and requirements. I strongly support the committee's position that defense submit such a budget in fiscal 1978.

However, on balance, considering the world situation, the trend in defense budget reductions over the last several years, the fact that the resolution already assumes some rather significant economies in defense—$5.4 billion in budget authority in 1977 and growing to $8 billion in 1980.

Despite my desire for a budget with a lower spending ceiling, and my desire for a smaller deficit, I do not believe that this is the time for any significant cuts in defense. Accordingly, I recommend against acceptance of this amendment.

The PRESIDING OFFICER. Does the Senator from Indiana yield back the remainder of his time?

Mr. BAYH. Mr. President, may I ask the chairman, is this an appropriate time to ask for the yeas and nays on a number of these amendments?

Mr. MUSKIE. I think it would be. I ask for the yeas and nays on the Bayh amendment.

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

The yeas and nays were ordered.

Mr. MUSKIE. I ask for the yeas and nays on the first Bayh amendment.

Mr. BAYH. No. 1588.

The PRESIDING OFFICER. Is there objection to a request that it be in order for the chairman of the Budget Committee to ask for the yeas and nays at this time?

Without objection, it is so ordered.

Is there a sufficient second to the request for the yeas and nays on the first Bayh amendment? There is a sufficient second.

The yeas and nays were ordered.

Mr. MUSKIE. Then I ask for the yeas and nays on the Buckley amendment.

The PRESIDING OFFICER. Without objection, it will be in order to order the yeas and nays at this time.

Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. BAYH. I yield back the remainder of my time.

The PRESIDING OFFICER. All remaining time having been yielded back, under the previous order, the Chair recognizes the Senator from Kentucky (Mr. HUDDLESTON) to call up an amendment on which there will be a limitation of 30 minutes for debate.

Mr. HUDDLESTON. Mr. President, I ask unanimous consent that the following staff members of the Committee on Agriculture and Forestry be permitted to present on the floor during consideration of the pending amendment, including all rollcall votes thereon: Michael R. McLeod, Carl P. Rose, Dale L. Stansbury, William A. Taggart, Henry J. Casso.

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

Mr. HUDDLESTON. I call up my amendment No. 1591, as modified.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Kentucky (Mr. HUDDLESTON) proposes an amendment numbered 1591, as modified.

Mr. HUDDLESTON's amendment (No. 1591, as modified), is as follows:

On page 1, line 7, strike out "$412,600,000,000" and insert in lieu thereof "$412,700,000,000."

On Page 1, line 9, strike out "$454,900,000,000" and insert in lieu thereof "$455,050,000,000".

On page 2, line 3, strike out "$50,200,000,000" and insert in lieu thereof "$50,350,000,000".

On page 3, line 12, strike out "$2,300,000,000" and insert in lieu thereof "$2,400,000,000".

On page 3, line 13, strike out "$1,900,000,000" and insert in lieu thereof "$2,050,000,000".

Mr. HUDDLESTON. Mr. President, first of all, I, too, wish to commend the Budget Committee on doing a very commendable job on a formidable task. However, because the Budget Committee worked with functions involving billions, a few small budget recommendations were overlooked. I am specifically talking about agriculture function 350.

The ceiling for the agriculture function 350 for budget authority has been put at $2.3 billion and outlays of $1.9. This is in line with the President's budget request. But the Committee on Agriculture and Forestry feels that these levels are unrealistic in view of the importance of food and fiber to America and the world, now and in the future.

Let me just briefly examine what has happened. The Agriculture Committee recomended an increase of about $121 million in the budget authority function 350. The sum of $121 million sounds large until you put it in perspective of the total budget—here it would almost be lost in rounding. This amount would only be noticed when it is proceeded by a decimal point in budget discussions.

While the amount we are talking about is only one-fourth of 1 percent of the budget, it is extremely important to agriculture. The levels recommended by the Budget Committee would mean continued deprivation of agricultural research and services. Specifically, thousands of jobs in rural America that are associated with the expanded nutrition and family education programs would be lost. This program involves working with the poor in both rural and urban America to lift their nutritional awareness, to improve their diets and to assist them to become healthy, wholesome Americans. This budget ceiling would take $20 million from this program—a program that is mandated by every human sensitivity.

The Agriculture Committee recommendation was not even a real increase—we tried only to keep the program viable. Our recommendation would only bring the program back to the 1971 levels in real terms.

The reduction in the ceiling below our recommendation would deprive us of our small farmers' programs—it would eliminate rural development programs, and cut back forestry programs that are imperative if our Nation is to have adequate forest products in the future.

We have recommended an additional $13.5 million for the Cooperative State Research Service and $33 million for the Agricultural Research Service above the President's recommendation.

In this Bicentennial Year of our country, we should take counsel from the Founding Fathers—Washington. Jefferson, Franklin, and others who were agricultural researchers—men who recognized the importance of a viable and strong agriculture and the need for improvement and knowledge as it applied to this basic sector.

This is also a centennial year of the Cooperative State Research Service, our experiment stations that are located in each of the States.

The committee, in preparation for its budget report, reviewed the activities of the State experiment stations.

Let me cite just a few of the achievements. The Maine Experiment Station, which receives 40 percent of its funding from function 350, developed a control of late blight disease in potatoes that is expected to save Maine potato producers $1 million a year.

For Oklahoma, the number of cattle that the ranches and pastures in Oklahoma can support has doubled in the last 20 years because of research on forages, rangeland management and livestock. In addition, the Oklahoma station released a new variety of barley that is green bug tolerant. The variety is named "Will" after a fellow down there who never met anyone he did not like. "Will" barley is expected to add $5 million a year to the gross income of Oklahoma farmers.

In the State of Washington, research is continuing on minimum tillage. This

method of tillage provides the potential of energy conservation and is a significant control of wind and water erosion, one of the most serious problems that we are facing in the Northwest and in the Great Plains.

At the experiment station in Minnesota, a new wheat variety called ERA has been developed that yields 15 to 30 percent more than the next best varieties in Minnesota. This means that from the same wheat land in Minnesota, we will produce enough wheat to make an additional 460 million loaves of bread.

I could go on with many, many more examples of research breakthroughs that are going on in each of our States but I think this is a representative sample that should indicate to everyone that the benefits of agricultural research are significant and should not be lost. I want to note that copies of letters that the Agriculture Committee received from the various State experiment stations have been disturbed to the respective Senators for their information.

It must be recognized that agricultural research is a long-term, ongoing process. It cannot be stopped and started without costs. A short-term budget gain would mean that we run the risk of paying for years to come through lower supplies, less efficient production, lower quality, and more risk from disease and insects.

The other major area in function 350 is the farm income stabilization area. This is the subfunction that the Budget Committee devoted most of its comments to in the concurrent resolution. The Budget Committee is right in saying that these costs have been declining over time. However, the Committee on Agriculture and Forestry recommended some increase in this area in anticipation of higher disaster payments this year in wheat areas.

There is also the potential of expanded Government loan activity in several program areas, including soybeans and rice. These programs are called open-ended so budget ceilings will not prevent these outlays. The reason is simply necessity. These programs are intended to respond to market situations or natural disasters without regard to political issues. Expenditures that the committee anticipates are reasonable, considering the weather conditions that are prevailing in the country at this time. To slash these for cosmetic effect when everyone knows that they must be made is not an acceptable procedure in light of what the Budget Act is meant to do. The committee is especially concerned that inappropriately low numbers here could result in undue difficulty for needed legislation during fiscal 1977. It should also be noted that increasing the levels in the farm income stabilization area is not a mandate to spend money; it is only a more realistic statement of probable outlays. If no disasters occur we will not spend 1 cent, but if floods or drought do occur, expenditures will be made regardless of the established targets.

Mr. President, I urge that the Senate accept the amendment to increase the budget authority of fuction 350 of Senate Concurrent Resolution 109 to $2.4 billion and that the outlay target in this function be increased to $2.05 billion.

Mr. TALMADGE. Mr. President, will the distinguished Senator from Kentucky yield?

Mr. HUDDLESTON. I yield to the Senator from Georgia.

Mr. TALMADGE. I commend the distinguished senior Senator from Kentucky for his amendment and support him in that effort.

Mr. President, we are living in a world today that is increasing in numbers by some 70 million a year. People all over the world are starving because of lack of food.

The United States of America has the most productive agricultural producing mechanism that man has ever known.

We became highly productive because of agricultural research. If we fail to continue our agricultural research program at a high level, we are going to have millions more people throughout the world going hungry.

Our committee has taken this business of making recommendations to the Committee on the Budget very seriously. Last year we were the first committee, I believe, to act. Our committee report was recommended as a model for other committees to follow.

This year our committee moved very rapidly in this area. The subcommittees studied every facet of their jurisdictions extremely carefully.

The full committee spent 2 full days making up its recommendations to the Committee on the Budget.

I might say, Mr. President, those committee meetings were probably the best attended of any that we have had this year.

In real terms, the recommendation of our Committee on the Budget for agricultural research is no more than it was some 10 years ago.

Ten years ago we had food and agricultural surpluses, we had a shelf full of unused agricultural technologies and the promise of sharply expanded world supplies because of the Green Revolution.

Today we face a tight supply situation, there is no reserve of technology and there is a hungry world in need of our products and our research. If we are going to take our responsibilities seriously, the highest priority we can place is on food production. We have put 50 million more acres under the plow in the United States of America in the last 3 years. We are nearing full production.

A great portion of our agricultural production is for export. Last year we exported some $22 billion worth of agricultural commodities, and we imported some $10 billion worth of agricultural commodities, which gave us a favorable balance of trade on agriculture of some $12 billion. That was approximately half what we spent for imported energy. The one bright spot in our trade today is agricultural exports. That was made possible because of the efficiency and productivity of our farmers. The efficiency and productivity of our farmers was made possible by agricultural research.

I hope that the Senate will recognize that on the vote on the Senator's amendment, and I commend him for offering it.

Mr. HUDDLESTON. I thank the distinguished chairman of the Committee on Agriculture and Forestry, the Senator from Georgia.

Mr. President, I ask unanimous consent that the name of the Senator from Florida (Mr. STONE) be added as a cosponsor to the amendment under consideration at this time.

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

Mr. HUDDLESTON. I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. BELLMON. Mr. President, I commend the distinguished Senator from Kentucky and the distinguished chairman of the Committee on Agriculture and Forestry for pointing up the importance of agricultural research and agricultural industry to the welfare of this country.

As a member of the Committee on Agriculture and Forestry, I realize full well the great contribution both these Senators make to the improvement of agriculture in this country, and their support of this resolution is certainly understandable.

Mr. President, the problem is that the Committee on the Budget felt a need to demonstrate an interest in improving the administration of certain programs that are under the administrative responsibility of the USDA. For instance, in the programs administered by the ASCS, the Agricultural Stabilization and Conservation Service, we find that back in 1972 these programs, which are principally price-support programs, totaled some $4½ billion. Since that time, the size of that program has been reduced down to less than $1 billion. Yet, even though we cannot get exact figures from the USDA, the cost of administration of that program is roughly the same. In fact, the 1977 fiscal year budget indicates the desire on the part of the USDA to increase the cost of administration of that program.

It is inconceivable to me, at least, that a program which is now roughly one-fourth or one-fifth the size of what it was 5 years ago would need a budget as large now as it was then.

Also, Mr. President, the USDA operates in most of the counties of this country some three, four, or five separate independent agency offices with an enormous overhead, which could be substantially reduced, if the USDA operated as most Government agencies do as one agency at the local level. In spite of the efforts on the part of the Committee on Appropriations and on the part of the Committee on Agriculture and Forestry to see the USDA bring about a better coordination in its own in-house operation, those offices are still in operation at a very substantial cost to the American taxpayer.

The purpose the Committee on the Budget had in mind here was not that we cut back on agricultural research or not that we cut back on the amount of money available for extension work, but rather that we hold a tight rein on the

agricultural budget with the expectation that that agency would look to its housekeeping overhead charges or costs and make a reasonable effort to bring those costs under control.

There is no intent on the part of the Committee on the Budget that agricultural research should be cut back. I feel, as has been expressed by the distinguished Senator from Kentucky, that with the world becoming increasingly dependent upon American-produced food and with the United States increasingly needing both the food that the agricultural industry produces and the favorable balance of trade that the agricultural exports bring here, agricultural research becomes increasingly important as the years go by.

Therefore, there is not any intention that agricultural research efforts of the USDA be reduced but rather that the USDA clean up its administrative costs and bring those down in line with the modern realities of the agricultural programs which the USDA administers.

I support the spending figures of the Committee on the Budget of $2.3 billion in budget authority and $1.9 billion in outlays. However, I believe it is only realistic to say that, looking ahead to September, by which time we will have a better idea as to what the cost of the emergency programs will be and what the cost of the disaster payments will be, those figures may need to be adjusted, but it seems to this member of the Committee on Agriculture and Forestry and the Committee on the Budget that we need to keep the pressure on the USDA to cut back on their administrative overhead and make certain that we are not supporting either offices or personnel that are in excess of the current day needs of the Nation's agricultural industry.

Mr. President, I oppose the amendment. I believe that we can accomplish the objectives that the Senator from Maine has in mind in the second concurrent resolution after the Department has had an opportunity to use the intervening months to get its house in order.

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

Mr. MUSKIE. I yield to my good friend from Kansas.

Mr. DOLE. Mr. President, the Senator from Kansas is in sympathy with the effort by the distinguished Senator from Kentucky. As the ranking minority member of the Committee on Agriculture and Forestry, I did discuss a somewhat similar proposal during consideration in the markup by the Budget Committee. My recommendation was not accepted, but I ask unanimous consent to have printed at this point in the RECORD a portion of the transcript of the Budget Committee hearings, which will reflect the discussion by the committee of a matter somewhat similar to that now raised by the Senator from Kentucky.

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

Senator BELLMON. Mr. Chairman, I would like to raise a point. Back in 1969 the total cost of the subsidies paid the producers was $4.1 billion. At that time the agency that administered those programs had a total employment of almost 23,000.

At the present time those subsidies are down to $800 million, which is roughly a fifth where they were and yet we still have 13,000 people working in that department. All I am raising is the point, could we have report language?

Mr. Chairman, I am very nervous about our getting into an appropriations committee's area of responsibility. I am not sure how we go at this.

Senator DOLE. Mr. Chairman, the Senate Agriculture Committee did recommend a $28 million increase for research. I think that was the purpose.

I remember the hearings. It is difficult to transfer some of these employees into research. They don't have the background and training. So I am not certain just how we do it.

My suggestion is we stay with the current policy figure of 2.4 and 2.0 and that would leave enough in the ballpark anyway that we are talking about.

Chairman MUSKIE. On those numbers there is a slight variation. But the President's numbers are 2.3 and 1.9, are they?

Senator BUCKLEY. Yes.

Chairman MUSKIE. And current policy is 2.4 and 2.0. The authorizing committee is 2.4 and 2.1, and the Appropriations Committee is 2.3 and 2.2.

How do you make a distinction between these two?

Mr. GILES. Mr. Chairman, the distinction is the Appropriations Committee comes in with the same numbers. The President's number on BA in respect to outlays went up $500 million for commodities credit net outlays for the price support programs.

Chairman MUSKIE. Is that just a different estimate?

Mr. GILES. In their judgment it should go up to $500 million and the Agriculture and Forestry Committee went up only $209 million.

Chairman MUSKIE. Which of the two is the best estimate?

Senator DOLE. The current policy sort of falls in the middle there.

Senator CHILES. The Agriculture Committee would have the best estimate.

Senator DOLE. I might say we don't have any cut insurance in our recommendations.

Mr. BROWN. It is just an estimating difference, Mr. Chairman.

Mr. DOLE. Mr. President, the point made by the transcript is that there is no recommendation by the Budget Committee as to how a reduction of outlays of $100 million below the current policy would be achieved. There is no specific assumption about research and extension service funding.

The distinguished Senator from Oklahoma just pointed this out in greater detail, and he has identified two areas in which it would not be unreasonable to expect a reallocation of resources that would result in savings.

It appears that savings from the administration of price-support programs also may be possible. There has been some discussion about specific price-support programs, and there is some legislation now pending in the House and in the Senate which might reduce the costs in that area.

It might also be possible, as pointed out by the Senator from Oklahoma, to have consolidations of offices within a county, which would reduce the administrative costs, cut personnel, and save money, without necessarily reducing the amount of important services.

The budget target recommended in this category is in the same spirit as eight other budget categories. It is sort of a challenge. It is based on evidence supporting a reasonable expectation to save Federal dollars in the providing of important services.

The Senator from Kansas, as a member of both committees, supports the effort to further increase this country's productivity in agriculture. The budget targets recommended by the committee do not imply otherwise.

We must be certain, however, that this effort is undertaken as efficiently as possible, and that is the very point just made by the distinguished Senator from Oklahoma.

The Budget Committee did take note of the recommendation of the administration, of the Appropriations Committee, and of the Committee on Agriculture and Forestry. But I share the view expressed by the Senator from Oklahoma that if there are changes and additional expenditures that cannot be foreseen, we can take another look at this in September.

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

Mr. MUSKIE. Mr. President, I should like to clear up the record on this subject. I have a communication from the College of Life Sciences and Agriculture and State Experiment Station of the University of Maine at Orono. It highlights the importance of this kind of research. I ask unanimous consent to have the letter printed in the RECORD.

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

UNIVERSITY OF MAINE AT ORONO,
*Orono, Maine, January 12, 1976.*

COMMITTEE ON AGRICULTURE AND FORESTRY,
*U.S. Senate,*
*Washington, D.C.*

The following is to provide the Committee on Agriculture and Forestry with examples of recent and future research at the Maine Agricultural Experiment Station. Approximately 40% of our funding comes through the federal grant programs of the Hatch and McIntire-Stennis Acts which are essential to the successful continuation of our research programs.

Potatoes are the most important agricultural crop in Maine, which is the major production area for the Northeast sector of the United States. Maine production represents approximately 10% of the total U.S. Crop. Control of the late blight disease (the cause of the Irish potato famine) is a major problem for potato production areas in the Northeast. For many years successful control of late blight has been possible only by extensive use of fungicides which are expensive and have potential environmental hazards. Through many years of research and cooperation with work done at other states, successful methodology has been developed whereby disease incidence can be detected and forecast so that application of fungicides can be reduced as much as 30% to 50%, depending on weather conditions. Not only can the use of pesticides be reduced but better disease control is achieved so that total production for market is increased. When fully adopted by potato growers, estimated savings in Maine alone will be in excess of $1,000,000 per year. In the long run these savings accrue to the consumer as well as to the farmer. In addition, the environmental hazard is being reduced.

Each year substantial losses occur in potato storage and marketing channels due to fusarium rot of potatoes. Over the past eight to ten years, the Agricultural Research Service and the Maine Agricultural Experiment Station has been cooperating on research to reduce these losses. Recently a chemical treatment was proved to be effective, and the Food and Drug Administration has approved its use. Farmers are already adopting the practice. While more difficult to estimate the reduced losses, the benefits could well be as significant as the savings in control of potato late blight.

The land in Maine is approximately 85% forested and represents a major resource to the state and the northeast. It provides a substantial part of the paper and wood products for the northeast states as well as offering a prime recreation area for this densely populated sector of the country. It also has great potential as a renewable source of energy for an energy deficient region.

Our current research includes the concept of more complete utilization of this resource. After harvesting the merchantable bole or tree trunks, the branches, leaves and stump have been left in the woods to rot. In addition, there are many species of trees and 'puckerbrush' which have had practically no commercial value in the past. Much of our research is directed toward converting these "wasted" materials to wood chips so that they can be used to heat homes, manufacture chip board for construction purposes, and even converted to animal feed. Significant progress has been made in developing an automated wood chip burner for use in home heating and for moderate size commercial buildings. Other methods have also been considered for utilizing this renewable energy resource.

Realization of the full potential of our forest resource is threatened, however, by two major insect problems. One is the spruce budworm which has invaded the commercially important spruce-fir forests and is devastating approximately 5,000,000 acres. Despite substantial research effort already, much more effort is needed to manage this serious pest.

Secondly, biting black flies seriously limit multiple use of the forest for recreational purposes. A new species that persists throughout the summer has been identified recently. This has become a major problem in the state and needs a much expanded research program to effect some measure of control. Preliminary work is underway in cooperation with the Agricultural Research Service, but a much expanded effort is necessary to develop control measures.

These are but a few selected areas of research which are of benefit not only to the people of Maine but to the Northeast region and oft times to the country as a whole.

We appreciate the opportunity to comment in this manner and trust that the information will be useful to your committee.

Sincerely,

EDWARD H. PIPER,
*Assistant Director.*

Mr. MUSKIE. Mr. President, I agree with Senator BELLMON and Senator DOLE that the Budget Committee, in setting its overall totals in this fuction, did not intend to, does not intend to, and made no decision to discourage the research activities of the Department of Agriculture.

I want the legislative history to be clear on that point, whatever happens to the amendment offered by my good friend the Senator from Kentucky.

Mr. HUDDLESTON. Mr. President, I yield myself such time as I have remaining.

First, I point out that the distinguished Senator from Oklahoma (Mr. BELLMON) and the distinguished Senator from Kansas (Mr. DOLE) are extremely valuable members of the Committee on Agriculture and Forestry. They certainly have a grasp of the needs of the American farmer. With great regularity and frequency, they represent those needs in the committee activities and on the floor of the Senate.

With respect to this amendment, while we all know that research is important, and while the members of the Budget Committee state firmly that they do not intend that the figures they have settled upon here would in any way cause a reduction in research and extension efforts, we have to realize that the expenditures which fall under budget function 350 are the only place where there is any give. The only place where substantial reduction can be made by plan is the category of agricultural research and services.

The other categories are price support and related programs and farm income stabilization. These are entitlement programs; and, by law, whatever the figure is that falls under this category must be paid. There is no give in these programs. Whatever farmers are entitled to receive under the law, they will receive.

So that only leaves agricultural research and services. In my judgment that is where the slack will have to be taken up.

The distinguished Senator from Oklahoma (Mr. BELLMON), on a number of occasions, has tried to bring about more efficient operation of the ASCS, and he is to be commended for doing that. He has presented some figures here about the difference in the volume of business the ASCS handled a few years ago. Of the $4 billion figure that he mentioned, I think it is accurate to point out that some $3 billion were direct payments to farmers which did not have to be processed and handled by the ASCS. So the volume of business has not changed to that extent. I point out that in 1972, the personnel costs for this agency were $166 million. In 1977, these personnel costs have been reduced to $158 million, an $8 million reduction in actual dollars.

In real terms, considering the pay increases that have been put into effect during that period, this essentially represents about a 30-percent reduction in the personnel costs of this agency from 1972 to 1977. So I think we can already see that the volume of business has been more than compensated for by a reduction in the actual cost of operating the ASCS.

I say to the Senator from Oklahoma that, as we pointed out in the Agriculture Committee, the Senate Subcommittee on Agricultural Production, Marketing and Stabilization of Prices, which I chair, will very soon hold hearings on the operation of the ASCS. We will be looking into their efficiency and determining whether or not there are ways in which we can further improve their operational procedures.

The PRESIDING OFFICER (Mr. DOMENICI). The time of the Senator has expired.

The Senator from Maine has 4 minutes remaining.

Mr. MUSKIE. Mr. President, I yield 2 minutes to the Senator from Oklahoma and 2 minutes to the Senator from Arizona.

Mr. BELLMON. Mr. President, I am pleased by the information which the Senator from Kentucky has just given the Senate, that there will be oversight hearings as to the operation of the ASCS and other agricultural agencies. I feel that this certainly is indicative of the interest that the Committee on Agriculture and Forestry has in reducing unnecessary overhead of these departments.

I ask unanimous consent to have printed in the RECORD a chart showing that in 1972, the program administered by the ASCS amounted to $3.2 billion and that the cost of salaries and expenses in that year were, as the Senator from Kentucky has indicated, $166 million.

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

| | *Payments to farmers by ASCS* [In billions] | *Salaries and expenses* [In millions] |
|---|---|---|
| 1972 | $3.2 | $166.373 |
| 1975 | .935 | 158.069 |
| 1976 | .566 | 147.804 |
| 1977 | .686 | 158.401 |

Mr. BELLMON. Mr. President, it is anticipated that in fiscal year 1977, the program administered will be $.6 billion, roughly one-fifth the size it was in 1972. Yet, the salaries and expenses of the ASCS were roughly $158 million.

So that in the 5-year span of time, the size of the program has come down to only one-fifth of what it was 5 years earlier. Yet the overhead is roughly the same. This is the reason that I am sure the Senator from Kentucky is interested in going into that program. It is the reason that the Committee on the Budget has recommended this level of funding in anticipation of some saving, if possible.

Mr. President, I yield back the remainder of my time.

Mr. HUDDLESTON. Mr. President, I ask for the yeas and nays.

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

The yeas and nays were ordered.

Mr. GOLDWATER addressed the Chair.

Mr. BELLMON. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. GOLDWATER. Yes.

Mr. BELLMON. I ask unanimous consent that Meg Power of Senator BROOKE's staff have the privileges of the floor during debate and vote on the present measure.

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

Mr. GOLDWATER. Mr. President, I rise to defend this Budget Committee concept. While I know it was a very radical step that we took when we created it, nevertheless, to me, it offers the only hope that we have of ever bringing the spending of the Federal Government

within line of what the American people can afford. While I know that, year after year after year, there will be those of us who feel that we should spend a little more, including myself—particularly in this field of research and development; I do not think this country spends nearly enough money—until the Committee on the Budget learns more about how to anticipate these expenditures, until each individual committee learns more about how to control individually the expenditures of their own committees, I think we would be very wise to live within the confines of the concept of this Budget Committee's creation; namely, to let them play the tune for a while until we find out whether it is going to work or not.

For example, I have heard amendments offered on the floor cutting the Department of Defense hundreds of millions, billions of dollars. I do not think there is a department in this Government that receives closer scrutiny than the Department of Defense by the Committees on Armed Services of both Houses. Nevertheless, we try to live within the confines of the fences built around us by the Committee on the Budget.

Therefore, I urge my colleagues to consider very seriously what we are trying to do; namely, allow the American taxpayer to spend a little more of what he earns and at the same time cut the cost of the Federal Government so we can spend more money, in terms of what we are spending now, and not willy-nilly cut the defense budget because we might happen to choose a field that might seem popular at the time.

I think the Senator from Maine is doing an outstanding job. While I do not agree completely with the findings of the committee, I find myself in complete agreement with its concept. As one Member of this body, I want to do what I can do to make it succeed. So whether I like the idea of an increase or decrease, I am going to go along with the Committee on the Budget.

I thank my friend in the chair.

Mr. LEAHY. Mr. President, I rise in support of the amendment to increase the agriculture budget ceilings—function 350—in Senate Concurrent Resolution 109 by $100 million in budget authority and by $150 million for outlays.

I am in complete agreement with what my colleagues on the Committee on Agriculture and Forestry as to the need, and I wish to lend my concurrence to their observations.

These are critical programs for every American and programs that cannot be postponed.

Over half of the increase in budget authority that the Committee on Agriculture recommended would go to the States for research on pressing, local problems; problems in agriculture that can only be solved with localized research and extension efforts.

One of the most important efforts that we have called for is forestry research and extension—a long neglected aspect of our natural resources. This renewable resource must be carefully cultivated today if our Nation is to have adequate forest resources tomorrow. It is an area that can benefit our small farmers. It would provide them with supplemental income while improving our environment, conserving our resources and maximizing the long-term welfare of our Nation.

We are also calling for some additional funding for the expanded nutrition and family education program. This is a vitally important program that not only delivers needed nutrition education but means thousands of needed jobs in the poverty areas of both rural and urban America.

There are also funds for our small farmers research and extension programs which I think are absolutely imperative. In our Bicentennial Year, I cannot ignore the principles of the Founding Fathers and their belief that our family farms and our natural resources are the basis of a strong democratic society.

Mr. President, I urge that this amendment be adopted to Senate Concurrent Resolution 109.

Mr. HUMPHREY. Mr. President, I want to voice my support for this amendment to Senate Concurrent Resolution 109. It is vital to the health and development of our agricultural research and production programs.

I am very distressed with the Budget Committee's decision to establish the ceiling for agriculture at $2.3 billion for budget authority and $1.9 billion in outlays. Last year the budget authority was $4.1 billion and the outlays level was $2.6 billion. The levels in the resolution are unrealistic, and—in the perspective of time and noting the importance of food and fiber to America and the world—almost irresponsible.

Mr. President, many of these programs have for the last few years been suffering from tight budgets which have not kept pace with inflation. We have seen cases where budgets have been allowed to increase slightly, but in fact this has meant cutting back on staff.

I realize full well that priorities need to be established since we cannot carry out all worthwhile programs. But these programs represent investments which will help to expand our agricultural productivity. In recent years, in the face of bad weather and increased fertilizer and energy costs, that productivity level has not continued its upward climb.

Mr. President, I would like to share with this body a letter from the University of Minnesota outlining some of the important activities carried out under this funding.

The Committee on Agriculture and Forestry worked long and hard on its budget report. It is as lean as it can be without doing irreparable harm. We can play budget games, but the result is only cosmetic and it is not a defensible procedure in light of the intent of the Budget Act.

Mr. President, we must recognize our responsibilities to agriculture, the Nation, and a hungry world. Failure to provide adequate funds for agricultural research is like eating your seed corn. There can be no future crop.

This amendment must be adopted.

I ask unanimous consent that the letter to which I referred may be printed in the RECORD.

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

UNIVERSITY OF MINNESOTA,
*St. Paul Minn., January 12, 1976.*

U.S. SENATE,
*Committee on Agriculture and Forestry,*
*Washington, D.C.*

Three recent accomplishments of the Minnesota Agricultural Experiment Station are:

1. The development of a new wheat, Era, which yields 15 to 30 percent more than the next best varieties. In 1974, Era increased state income about $56 million and yielded 460 million more loaves of bread.

2. Soybean varieties released in 1974 should return in 1976 $10 million additional to the state income through higher yield.

3. Minnesota turkey semen preservation method reduces the number of male turkeys by 65 percent, a saving of more than $1 million in the United States.

Each additional dollar spent on pesticide materials returns about $6 of additional farm output and an additional dollar spent on fertilizer returns about $5 of additional output. Reducing use of fertilizer would increase the cost of agricultural products about one-third. Similarly, a 75 percent reduction in pesticide use would increase agricultural products about 20 percent. These research items were supported with both federal funds from the United States Department of Agriculture and state appropriated Experiment Station funds.

Additional resources are needed for a large number of items. Here are a few examples. In Agronomy, additional resources are needed to expand work on tissue culture of plants that will enable screening for important physiological characteristics and disease resistance in the laboratory at a much lower cost than in the field. Understanding the nature of fat deposition in swine may permit changes in diet or breeding to reduce waste occurring in fatty carcasses. Additional resources for developing high protein potato varieties of commercial usefulness from high protein strains already produced here could help meet world protein shortage needs.

We have thousands of examples but perhaps these will do.

Sincerely,

KEITH HUSTON,
*Director.*

IN SUPPORT OF AGRICULTURAL RESEARCH

Mr. ALLEN. Mr. President, a large share of the programs within function 350, are directly under the Subcommittee on Agricultural Research and General Legislation, of which I am chairman.

I can assure you that the funding levels recommended by the Agriculture Committee in its budget report of March 15, were not arrived at in a casual manner. We established those recommendations after long and careful deliberation of the needs and priorities.

In addition, I want to point out that a significant number of the so-called increases that we recommended are really restorations of programs that the administration would eliminate or reduce in ill-advised fashions.

Equally important, we were attempting to restore the reductions that the inflation has wrought in the past several years—we wanted to restore these important programs in real terms to what they were 10 years ago.

Foremost among the areas of our concern is agricultural research. The ap-

proximate $33 million increase for the Agricultural Research Service would hardly bring the ARS budget up to what it was 10 years ago in real terms. The other major research increase is the $13.5 million addition that we called for the Cooperative State Research Services. This amount would only hold the Experiment Station budgets slightly above what they were 10 years ago.

Mr. President, agricultural research is not an expenditure, it is an investment. It is agricultural research that has given this country the greatest abundance of food and fiber in the history of mankind. It has also contributed to the overall economic well-being of this Nation.

Farm exports account for about $22 billion. This is important to our balance of payments and creates over 115,000 nonagricultural jobs.

This increase is vital to maintain programs and give attention to some of our highest priority needs. Continued food and fiber production is so vital to the future of this great Nation it would be extremely shortsighted to cut back on publicly supported agricultural research.

We have also called for a $48 million increase for the Extension Service. This addition would bring the traditional extension programs and special small farmer programs up to what they were 10 years ago.

The extension increase would also restore the 20-percent reduction in the expanded nutrition and family education program that the President called for. In addition, it provides a small expansion of the program in response to the fact that nutrition education is one of the most serious problems facing this Nation—especially among the low-income groups.

The Animal and Plant Health Inspection Service, which is charged with controlling livestock and plant diseases and insect pests is in critical need of additional support to carry out its responsibilities.

Today, they are combating a new outbreak of hog cholera, an expanded citrus blackfly infestation in Florida, and a return of the brucellosis epidemic. This last disease alone, if it spreads back to 1950 levels, could cost several hundred million dollars a year in livestock losses. Equally important, it could again become a serious and chronic human disease problem in the form of undulant fever.

Beyond the agricultural research services aspects of function 350 are the farm income stabilization programs. These programs are stated legislative policy; they are funded automatically in response to market conditions, or natural disasters—for example, the drought that is currently plaguing our wheat-growing areas of Kansas, Oklahoma, Colorado, Texas, and New Mexico.

We know that disaster payments for wheat are going to be increasing. To ignore it at this time would be a misrepresentation of the facts.

We must also anticipate additional problem areas. No year goes by that some regions and some crops are not hit with natural disasters.

We know this. We should therefore recognize it when we establish target budget levels.

I recognize that the Budget Committee is not specifying amounts of money that go to individual programs. Therefore, they claim they are not suggesting explicit reductions, such as I have discussed. They even suggest they do not look at individual programs or components within function 350.

I can only ask, how can they arrive at a total without looking at the parts? How can they build a house without putting in the foundation, the basement, the walls, and the roof?

At some point, that committee, in their deliberations, or in their staff's assessment, looked at the component parts. They made determinations of cuts, reductions, in program areas.

If they did not, they arrived at the ceilings in an arbitrary manner. I cannot believe that arbitrary determination of the ceiling for Agricultural Research Services and the agricultural income stabilization programs is an appropriate way. I do not think this is the intent of the Budget and Impoundment Control Act of 1974.

Mr. President, rural America and agriculture are basic to our national well-being. Food and fiber are basic needs of every American. The production and delivery of agricultural products must receive priority. The control and eradication of dangerous and costly diseases and pests must receive priority. The research that must be done today for the well being of tomorrow must receive priority.

The amount that we are recommending is modest. The potential benefits are enormous. The American people spend well over $200 billion a year on food, a 1-percent gain in productivity because of our research efforts which save the American people over $2 billion a year.

Agriculture contributes well over $20 billion a year to our balance of payments. This means that every American is able to enjoy the fruits of international trade at a lower cost than would be otherwise possible.

The American people are enjoying the most wholesome food of any people in the world—but many of these benefits could be lost if we fail to deliver the minimal support needed for the research function.

The agriculture and research function receives less than one-half of 1 percent of what our people spend on food. Our entire farm program is budgeted at about one-half of 1 percent.

Are these levels out of line?

Can any other function claim parallel fiscal responsibility?

I am afraid that agriculture may be paying for its record of past fiscal responsibility.

Had we been wasteful in the past, or wasteful in our recommendations, there would be no problem. But by being absolutely honest, holding the line and meeting our responsibility, we are finding the agriculture function is being punished.

I urge the Senate to support the amendment to increase the budget authority of function 350 for agriculture by $100 million, and, likewise the outlays level by $150 million.

I ask unanimous consent to insert in the RECORD a letter from the School of Agriculture at Auburn University, Auburn, Alabama outlining accomplishments and needs in three fields of research—also a table by the Committee on Authority and Outlays in Agricultural Research.

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

AUBURN UNIVERSITY,
*Auburn, Ala., January 8, 1976.*

*U.S. Senate,*
*Committee on Agriculture and Forestry,*
*Washington, D.C.*

Below I have developed information on three (3) recent accomplishments from the Auburn University Agricultural Experiment Station and three (3) areas needing additional research effort.

RECENT ACCOMPLISHMENTS

Feeding Animal Waste: Technology for using animal waste as feed has been developed in the Auburn University Agricultural Experiment Station from research initiated in 1960. Animal waste (cattle, swine, poultry) is ensiled, blended with other feed ingredients, and fed to beef cattle, resulting in improvement in feed efficiency by approximately 25 percent. Parasitic nematodes and other potential pathogens are eliminated by the ensiling process. In addition, the ensiled material has no offensive odor. Due to the future pressure of human food needs on the supply of animal feeds, this development takes on added significance and if fully utilized could save in excess of $100,000,000 annually through increased production efficiency.

Leafspot Control: In 1973 Auburn University and University of Georgia Agricultural Experiment Station scientists discovered that the peanut leafspot fungi Cercospora arachidicola and Cercosporidium personatum were developing resistance to the widely used fungicide Benlate. Early diagnosis and subsequent recommendation of an effective fungicide saved an approximate loss of $30,000,000 in Alabama and Georgia in 1974. Additional research results with the new fungicide have shown that by blending large and small particles in a flowable formulation, a slow degeneration of the fungicide occurs during the weathering process. This has increased disease control effectiveness of the pesticide and reduced the rate of material needed by one-third, a further benefit for the grower.

Soil Compaction: Research at the Auburn University Agricultural Experiment Station has shown that elimination of the restrictions on root development caused by compacted soil layers will result in increased yields of corn, soybeans, and cotton. The placement of artificially compacted layers at plow depth in two soils caused soybean yield reductions of 80% and higher in dry years and up to 75% in years with more adequate rainfall. Penetration of the hardpan by bahiagrass roots allowed cotton following bahiagrass to send roots to a depth of six feet rather than being restricted to the nine inch plow layer. Thus, yields over a four year period were doubled. Experiments with controlled traffic of farm implements in which machinery only travels over predetermined permanent traffic lanes has resulted in highly significant yield increases of cotton and also promises to be an important development for other crops. Further development of the controlled traffic concept, with its extension to other crops and regions of the U.S., gives a

potential of saving many millions of dollars through increased production efficiency from a very small investment in research monies.

RESEARCH AREAS NEEDING EXPANDED EFFORT

Animal Diseases: Recent estimates indicate that livestock and poultry diseases cost the public approximately $3.6 billion annually and this high incidence of disease represents the single greatest hazard to an adequate and wholesome supply of animal protein. In addition to the economic effect of continuing losses, the need to increase the effectiveness of animal disease control is made more urgent because many of these diseases are transmissible between animals and man. Furthermore, the presence of certain livestock and poultry diseases, e.g., hog cholera, trichinosis, brucellosis, salmonellosis, exotic Newcastle disease, is limiting the demand for our livestock and livestock products on the export market and may even limit interstate movement of livestock between states and regions of the U.S. In the report of a working conference on Research to Meet U.S. and World Food Needs held in Kansas City in July, 1975, it was concluded that the most urgent needs for research to improve beef production were: (1) reproductive problems and (2) respiratory and enteric diseases (these include shipping fever and calf scours). Examples of other diseases that continue to take a heavy toll are: respiratory diseases of swine, poultry and horses, enteric diseases of swine and poultry, equine infectious anemia, salmonellosis in poultry, leukosis in poultry and numerous parasitic problems.

Mycotoxins: Economic effects from mycotoxins to man and his domesticated animals are now being recognized as human health hazards as well as causes of slow-weight gain, debilitation, and mortality in animal production. Swine fed aflatoxin-infested corn in 1973 showed losses of 2,000 head from breeding sows to farrowing pigs. It is believed that much of the reduced weight grain in poultry in the U.S. is from mycotoxin-infested feed. Conservative cost estimates of $250,000 for research should reflect a potential benefit of $15,000,000/annum in increased feed efficiency in Alabama broilers due to toxins. This would exceed $100,000,000 nationally.

Plant Parasitic Nematodes: Nationwide and throughout the South in particular, economic loss is being identified on crops from nematode attack. Conservative estimates of losses per acre show $4 for 16 field crops, $21 for 23 fruits and nuts, $54 for 24 vegetables and $282 for ornamentals. In Alabama field crops, about 15% losses incur each year for corn, cotton, peanuts, soybeans, and small grains. Conservative cost estimates of $250,000 for expanded research effort would reflect a potential benefit of $75,000,000/annum from control of nematodes in Alabama alone.

Sincerely,

STANLEY P. WILSON,
*Associate Director and Assistant Dean.*

*Designation of the committee recommended increases in budget function 350*

[Amounts in thousands]

I. BUDGET AUTHORITY

| | |
|---|---|
| A. Agricultural Research Service | |
| Committee recommended increases: | |
| (1) Research on animal production | $4,448 |
| (2) Research on plant products | 6,522 |
| (3) Research on soil, water and air conservation and production | 2,187 |
| (4) Research and marketing, use and effects of agricultural products | 7,682 |
| (5) Construction | 11,500 |
| Total additions | 32,771 |
| B. Cooperative State Research Service (Funds for State Experiment Stations) | |
| Committee recommended increases: | |
| (1) Inflationary offset | $5,000 |
| (2) Restoration of grants | 4,500 |
| (3) Forestry grants | 1,000 |
| (4) Pesticide support work | 500 |
| (5) Title V rural development | 2,500 |
| Total | 13,500 |
| C. Extension Service (Fund for State-Federal Extension Programs) | |
| Committee recommended increases: | |
| (1) Grants to 1862 Land Grant Institutions | 15,159 |
| (2) Grants to 1890 Land Grant Institutions | 1,500 |
| (3) Postage increases | 8,610 |
| (4) Expanded nutrition and family education program | 20,850 |
| (5) Title V rural development | 2,500 |
| Total addition | 48,619 |
| D. Animal and Plant Health Inspection Service | |
| Committee recommended increases: | |
| Plant protection (352) | 9,500 |
| Veterinary services (352) | 16,300 |
| Total addition | 25,800 |
| E. Foreign Agricultural Service | |
| Committee's recommended increase: | |
| Attache service | 176 |

II. BUDGET OUTLAYS

| | |
|---|---|
| A. Agricultural Research Service | |
| Total addition | 25,681 |
| B. Cooperative State Research Service | |
| Total addition | 13,500 |
| C. Extension Service | |
| Total addition | 48,619 |
| D. Animal and Plant Health Inspection Service | |
| Total addition | 25,800 |
| E. Foreign Agricultural Service | |
| Total addition | 176 |
| F. Commodity Credit Corporation and Agricultural Stabilization Service | |
| Committee recommended increases: | |
| Rice program | 127,973 |
| Cotton program | 8,500 |
| Feed grains program | 19,600 |
| Wheat program | 53,000 |
| Total | 209,073 |

Mr. McGOVERN. Mr. President, I rise to support the excellent statement of the senior Senator from Kentucky (Mr. HUDDLESTON) with respect to agriculture function 350 for budget authority.

Members and staff of the Committee on Agriculture and Forestry took great pains to fulfill their responsibility as the authorizing committee to make recommendations to the Budget Committee. The committee recommendations made with respect to function 350 were not made lightly or without considerable deliberation.

Important functions of USDA such as Agricultural Research Services and the nutrition and family education programs must be adequately funded.

As the Senator from Kentucky has pointed out, his amendment for budget authority is only to increase the function from $2.3 to $2.4 billion. And it is in areas of great concern to the agricultural community.

I urge those who have a commitment to the American farmer and to the expansion of agricultural research and services to join in supporting the Senator's amendment.

Mr. STONE. Mr. President, I rise in support of my colleague, Mr. HUDDLESTON's, amendment which would reinstate most of the additional funding which I and my colleagues on the Senate Agriculture Committee strongly feel is crucial for the protection of agricultural research activities in the United States, and, therefore, for all Americans.

As you may know, the President's budget cut back proportionately more on the programs in the Department of Agriculture than in any other agency. Our committee agreed with many of these reductions and funding levels. However, we were vigorous in our opposition to reduction in funding of the Agricultural Research Service, the Cooperative State Research Service, the Extension Service, and the Animal and Plant Health Inspection Service. Let me give you some examples of what programs will be drastically affected should we accept the Budget Committee's proposal in this area. The Agricultural Research Service is responsible for conducting research into animal and plant protection and research on soil, water, and air conservation and protection.

The proposed Agricultural Research Service budget for fiscal year 1977 is estimated to be equal to only 85 percent of what it was 5 years ago. As our committee report states, the solution to many of the problems of this Nation, and mankind in general, can only be solved through research. Over one-third of the budget increase which we recommended for the Agricultural Research Service is to offset inflation alone. The remainder of the proposed increase goes to programs to work on animal diseases and pest control. Additional money is essential to stop the injurious spread of fire ants which are destroying crops throughout the Southern part of the United States and is gradually working its way North. We have added on more funding for research into the deadly cattle disease called Brucellosis, which is a factor in the decimation of our cattle herds. Additionally, we have added on funds for the support of human nutrition and food research, so essential to all Americans.

The Cooperative State Research Service increases proposed by our Committee will enable us to fund forestry research through the McIntyre-Stennis program, one of the most pressing needs facing our Nation at this time. Additional funding under this agency is also necessary for pesticide testing and registration.

The Agricultural Extension Service is the finest adult education program in this country. It is of unquestionable value to all farmers in this country, particularly to the small farmer relying on it for producing his crops. The need to sup-

port the small family farmers has been reiterated time after time by the Congress.

If we adopt the Senate Budget Committee report we will be eliminating $10 million from the Extension Service budget. Another program performed by the Extension Service is nutrition and family education which is essential to millions of Americans who benefit from improved awareness of their nutritional needs.

Finally, the Agriculture Committee has recommended absolutely essential increases for the Animal and Plant Health Inspection Service which has the responsibility for all Federal meat and poultry inspection, animal and plant disease pest control, and veterinary service. Animal and plant pests are becoming an increasingly menacing factor in agriculture. In my State alone, at this very moment, farmers are faced with a citrus black fly epidemic which is destroying citrus production in south Florida. It is crucial that Florida be allowed to receive the extra $2 million which we earmarked for irradication of this outbreak. These funds will be matched by $2 million from the State of Florida and will not only involve irradication, but research into this problem which will eliminate it in the future.

There is also a very serious problem with Mediterranean fruit flies in Florida and Texas which this Congress has recently approved expanding USDA's capacity to research. However, the Senate Budget Committee's cutback of this funding would make that legislation virtually useless. This funding is necessary to fight the recent confirmation of hog cholera in Rhode Island and New Jersey. In fact, no area of the country can escape the ravages of animal and plant diseases which affect the food that all of us eat.

If environmentalists insist that we stop using chemicals to kill pests, how can you cut out the research which allows us to substitute biological controls for these chemicals.

Mr. President, I have consistently voted in favor of a responsible budget which allows our Government to perform the necessary and essential services needed by our citizens. Agricultural research is one of the most essential services that our Government performs. I urge all of my colleagues in the Senate to follow the suggestions of Chairman TALMADGE and my colleagues on the Agriculture Committee who are daily made aware of the absolute necessity of a first rate agricultural research program in this country. All Americans will be adversely affected if we reduce these essential agricultural research programs. I strongly urge you to support the Agriculture Committee's recommendations and, therefore, support our colleague's, Senator HUDDLESTON's amendment.

The recommendations that came from the committee are minimal needs. There is no fat in these recommendations. I have to think that any reduction below those levels is patently undesirable, ill advised and, to an extent, not faithful to the basic purpose of the Budget Act.

Mr. MOSS. Mr. President, I rise to speak regarding the amendment which has been offered to increase budget authority $121 million in function 350—agriculture—for fiscal 1977 for agricultural research and services.

As I have pointed out earlier in discussing this resolution, the Budget Committee, of course, does not deal with line items. However, in reviewing this function, the committee recommended an increase of $28 million above the President's budget of $1.1 billion in budget authority and $1.1 billion in outlays for fiscal 1977. This has been incorporated in the resolution.

The ultimate responsibility for determining the program mix within the budget functional areas—such as this one—is vested in the authorizing and appropriations committees. If these committees recommend such a change and it is the will of the Congress, I believe that the increase proposed could be accommodated within the resolution.

Accordingly, I am voting against the amendment in the interest of holding down the deficit.

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## HEALTH RESEARCH AND HEALTH SERVICES AMENDMENTS OF 1976—CONFERENCE REPORT

Mr. KENNEDY. Mr. President, I submit a report of the committee of conference on H.R. 7988 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated by title.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 7988) to amend the Public Health Service Act to revise and extend the program under the National Heart and Lung Institute, to revise and extend the program of National Research Service Awards, and to establish a national program with respect to genetic disease; and to require a study and report on the release of research information, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the RECORD of April 2, 1976, beginning at page 9262.)

Mr. KENNEDY. Mr. President, I am pleased to bring before the Senate the conference report on H.R. 7988, the National Biomedical Heart, Blood Vessel, Lung, Blood, and Research Training Act of 1976.

Title I of the bill extends for 2 fiscal years the authority of HEW to conduct research, experiments, and demonstration programs with respect to heart, lung, blood and blood vessel diseases. The major substantive revisions and provisions that change the title of the National Heart and Lung Institute to the National Heart, Lung, and Blood Institute and provide explicit authority for the Institute to conduct programs with respect to the use of blood products and the management of blood resources.

There are authorized $10 million for fiscal year 1976 and $30 million for fiscal year 1977 for prevention and control programs, and there are authorized $339 million for fiscal year 1976 and $373 million for fiscal year 1977 for the national heart, blood vessel, lung and blood diseases and blood resources program.

Title II would extend, with only technical modifications, for fiscal years 1976 and 1977, the explicit authority of the Secretary of Health, Education, and Welfare to provide awards to individuals and institutions for biomedical and behavioral research training. It would authorize $165 million for fiscal year 1976 and $185 million for fiscal year 1977.

The remaining titles of the bill contain a variety of miscellaneous provisions.

Cardiovascular diseases—heart and blood vessel diseases—continue to be the primary health problem in the United States. It is estimated that 28 million Americans are afflicted with some form of heart or blood vessel disease: 23 million of them have hypertension, 3,900,000 suffer from coronary heart disease, and 1,700,000 from rheumatic heart disease, while 1,650,000 have had one or more strokes.

Mr. President, this conference report retains the essential elements of the bill which passed the Senate. It authorizes a total of $712 million over a 2-year period for the basic research activities of the National Heart, Lung, Blood and Blood Research Institute of the NIH. It authorizes the creation of 10 comprehensive centers for research of heart disease; 10 comprehensive centers for research on blood disease; and 10 comprehensive centers for research on lung disease.

The report also authorizes $40 million for the vitally needed prevention and control programs regarding these diseases.

The legislation contains an authorization of $350 million for National Research Service Awards, which will be used to support the training of the next generation of the Nation's biomedical research talent.

The bill also requires that the President's Panel on Biomedical Research and the National Commission for the Protection of Human Subjects of Biomedical and Behavioral Research each conduct studies on the implications of disclosure to the public of information contained in NIH research grants or contracts.

The bill before us today also rewrites and substantially improves the authority of the NIH to conduct research into genetic diseases, especially sickle cell and Cooley's anemia.

Finally, Mr. President, the conference report contains a provision added in the Senate which prohibits the consideration of political affiliation in the making of appointments to health advisory committees in HEW.

Mr. President, this is an excellent bill. It passed the Senate overwhelmingly by a vote of 90 to 2. I urge the adoption of the conference report.

The PRESIDING OFFICER. The ques-

tion is on agreeing to the conference report.

The conference report was agreed to.

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## CONGRESSIONAL BUDGET FOR THE U.S. GOVERNMENT FOR FISCAL YEAR 1977

The Senate continued with the consideration of the concurrent resolution (S. Con. Res. 109) setting forth the congressional budget for the U.S. Government for the fiscal year 1977—and revising the congressional budget for the transition quarter beginning July 1, 1976.

The PRESIDING OFFICER (Mr. HELMS). Under the previous order, the Chair recognizes the Senator from Massachusetts (Mr. KENNEDY) to call up an amendment, on which there shall be 30 minutes debate.

Mr. KENNEDY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated. The second assistant legislative clerk proceeded to read the amendment.

Mr. KENNEDY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered. The amendment is as follows:

Beginning on page 1, line 2, strike out section 1 and section 2 and insert in lieu thereof:

"That the Congress hereby determines and declares, pursuant to section 301(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on October 1, 1976—

"(1) the appropriate level of total budget outlays is $415,100,000,000;

"(2) the appropriate level of total new budget authority is $456,800,000,000;

"(3) the amount of deficit in the budget which is appropriate in limit of economic conditions and all other relevant factors is $52,000,000,000;

"(4) the recommended level of Federal revenues is $363,100,000,000 and the amount by which the aggregate level of Federal revenues should be decreased is $15,300,000,000; and

"(5) the appropriate level of the public debt is $713,300,000,000 and the amount by which the temporary statutory limit on such debt should be accordingly increased is $67,100,000,000.

"SEC. 2. Based on the appropriate level of total budget outlays and total new budget authority set forth in paragraphs (1) and (2) of the first section of this resolution, the Congress hereby determines and declares, pursuant to section 301(a)(2) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1976, the appropriate allocation of the estimated budget outlays and new budget authority for the major functional categories is as follows:

(1) National Defense (050):
(a) New budget authority, $113,000,000,000.
(b) Outlays, $100,900,000,000.
(2) International Affairs (150):
(a) New budget authority, $9,100,000,000.
(b) Outlays, $7,000,000,000.
(3) General Science, Space, and Technology (250):
(a) New budget authority, $4,600,000,000.
(b) Outlays, $4,500,000,000.
(4) Natural Resources, Environment, and Energy (300):
(a) New budget authority, $18,000,000,000.
(b) Outlays, $15,600,000,000.
(5) Agriculture (350):
(a) New budget authority, $2,300,000,000.
(b) Outlays, $1,900,000,000.
(6) Commerce and Transportation (400):
(a) New budget authority, $16,100,000,000.
(b) Outlays, $18,600,000,000.
(7) Community and Regional Development (450):
(a) New budget authority, $7,600,000,000.
(b) Outlays, $8,000,000,000.
(8) Education, Training, Employment, and Social Services (500):
(a) New budget authority, $24,700,000,000.
(b) Outlays, $23,500,000,000.
(9) Health (550):
(a) New budget authority, $40,500,000,000.
(b) Outlays, $38,300,000,000.
(10) Income Security (600):
(a) New budget authority, $163,000,000,000.
(b) Outlays, $139,400,000,000.
(11) Veterans Benefits and Services (700):
(a) New budget authority, $20,000,000,000.
(b) Outlays, $19,300,000,000.
(12) Law Enforcement and Justice (750):
(a) New budget authority, $3,300,000,000.
(b) Outlays, $3,400,000,000.
(13) General Government (800):
(a) New budget authority, $3,700,000,000.
(b) Outlays, $3,600,000,000.
(14) Revenue Sharing and General Purpose Fiscal Assistance (850):
(a) New budget authority, $7,300,000,000.
(b) Outlays, $7,400,000,000.
(15) Interest (900):
(a) New budget authority, $40,400,000,000.
(b) Outlays, $40,400,000,000.
(16) Allowances:
(a) New budget authority, $600,000,000.
(b) Outlays, $700,000,000.
(17) Undistributed Offsetting Receipts (950):
(a) New budget authority, —$17,400,000,000.
(b) Outlays, —$17,400,000,000."

Mr. KENNEDY. Mr. President, the amendment which is being submitted and considered at the present time is an amendment which is being introduced by myself, the Senator from West Virginia (Mr. RANDOLPH), the Senator from New Jersey (Mr. WILLIAMS), the Senator from New York (Mr. JAVITS), the Senator from California (Mr. CRANSTON), and the Senator from Indiana (Mr. BAYH). I offer the amendment in behalf of all the Senators that I have mentioned here.

Mr. President, as I understand it, there is a half hour time limitation, is that correct?

The PRESIDING OFFICER. That is correct.

Mr. KENNEDY. Fifteen minutes on either side.

The PRESIDING OFFICER. That is correct.

Mr. KENNEDY. I yield myself 6 minutes.

Mr. President, very briefly, for the benefit of Members, there is a briefing sheet on the desk of all of the Members. I shall outline what this amendment does, then explain why I think it is so essential. Also, I shall try to indicate why, from a fiscal and economic point of view, this particular amendment commends itself to the membership here this afternoon.

It is an attempt to adjust the recommendations in the Budget Committee resolution to the priorities that we believe vital during this period of continued economic slump.

We believe the Budget Committee should be recommended for many of the decisions it has made which are reflected in the resolution. I particularly want to commend it for its decision to recommend $2 billion in tax reform and current policy for many specific health programs and substantial needed expenditures for education.

Nevertheless, the amendment we are offering reflects our view that the resolution needs certain additions in order to provide the Senate with more appropriate targets as it considers further authorizations and appropriations.

This is particularly true with regard to jobs. Although the committee has maintained the existing level of public service jobs, it actually has recommended fewer dollars for this category than we spent last year.

Additionally, we believe economic conditions—with 7 million still out of work and an expected 2 million to exhaust their unemployment benefits this year—justifies greater Federal leadership through directly created jobs.

We would emphasize at the outset that our amendment, if adopted today, will still present the Nation with a budget which contains a deficit some $24 billion less than a year ago. Our amendment, because our jobs are targeted substantially on the unemployed and those on welfare, those with limited incomes, will mean reduced Federal expenditures for unemployment insurance expenditures and reduced welfare costs. The same individuals will be working and providing needed services and paying taxes—instead of receiving Federal income support.

I want to emphasize that our amendment still recommends a lower level of expenditure for public service jobs than was recommended by the Joint Economic Committee or the Senate Labor and Public Welfare Committee. They both recommended 1 million public service jobs.

In fact, the Joint Economic Committee report recommended not only the 1 million job level but countercyclical revenue sharing greater than what the budget resolution contains and additional public works funding beyond what the budget resolution contains.

At issue is the pace of economic recovery and the number of unemployed we are willing to permit in the Nation by the end of fiscal year 1977.

The budget resolution specifically accepts a 6-percent economic growth assumption. We believe, as did witnesses including former Chairman of the Council of Economic Advisers, Walter Heller, and former Budget Bureau Director, Charles Schultze, that this represents too low a level of growth.

It is essential to understand that the entire package of public service jobs, added meals for the elderly and jobs for the elderly and medicare and medicaid funding in this proposal assures a substantial offset in other outlays that will be unnecessary and in added tax revenues.

If this amendment is not passed, there will be more than 350,000 individuals receiving unemployment insurance, welfare payments, and food stamps and those outlays are already in the budget resolution.

Thus, the budget committee staff has estimated that the expenditures of $3.2 billion under our amendment will produce $700 million additional tax revenues and resulted in at least $700 million less in Federal expenditures for Welfare and Unemployment Insurance. The net effect of this amendment is thus to only add an additional $1.8 billion to the deficit, which will remain more than $24 billion lower than a year ago.

Now let me explain the specific parts to this amendment, none of which represents greater expenditures than contemplated by the authorizing committees.

First, in jobs, this amendment provides an additional 300,000 public services under title VI of CETA with a substantial portion targeted on those receiving unemployment insurance and welfare and with limited incomes. We currently have some 300,000 title VI public service job slots in the budget resolution. This will raise the total to 600,000 which is similar to the level in the House budget resolution and in the authorizing bill which already has passed the House.

With 7 million unemployed, we do not believe this is either excessive or unreasonable. Nor is it inflationary.

For too many of those individuals, the proposed budget targets would hold out the option of continued dependence on unemployment insurance or the even more frustrating and fearful specter of a one-way transfer from the unemployment rolls to the welfare rolls and the lack of a sense of human worth that comes with holding a job.

Second, the amendment adds $50 million to the older workers community service employment program, title IX of the Older Americans Act. This would permit an additional 15,000 low-income elderly persons to obtain part-time employment in hospitals, schools, and conservation activities. Some 12,300 are now working in these programs of senior aides and Green Thumb and the waiting list is five applicants for every available job.

There are now 700,000 men and women 55 years and older who are unemployed. They have the longest period of overage unemployment and they are the least likely to be rehired. In the past year alone, some 250,000 of these individuals have left the labor force in despair of ever finding another job. This amendment is a minimal step toward offering them hope.

Third, the amendment adds $50 million to the nutrition for the elderly program, title VII of the Older Americans Act. It will permit some 95,000 additional low-income isolated elderly to receive meals.

This program is familiar to most of my colleagues. Elderly throughout this country are receiving hot meals a day in churches and schools and community centers or through meals on wheels under title VII. However, the waiting lists extend months and months for hundreds of thousands of senior citizens. This amendment permits a relatively small additional number of isolated elderly to receive the benefit of a nutritious meal and the incalculable benefit of being among friends and involved with other people.

Fourth, the amendment would restore half of the cut made in the medicare/medicaid programs.

As my colleagues know, I strongly favor cost containment programs in the health field. The Health Subcommittee has been engaged in seeking to achieve that result in a variety of programs.

But this limit on medicare/medicaid costs will not achieve the result desired. It will mean that hospitals will shift costs to private patients and ultimately will discriminate against the elderly and the poor. They will be provided second-class care—large wards, reduced nursing patterns—and the basic promise of medicare—one class medicine—will be broken.

On the physician's side, the effect becomes apparent much more quickly. Physicians are not required to accept assignments.

A limitation on increases in their payments to less than half of that expected from private patients will mean a refusal to accept assignment.

The elderly will have to pay out of their pockets these additional costs or they will not be treated. It is as simple as that. And the additional cost of processing claims for patients who are not on assignment will eat up much of the anticipated savings from the suggested ceiling.

The cost-savings promised in the medicaid program cut is even more difficult to accept. At the present time, this program is supported by 50 percent Federal funds and 50 percent State funds.

The 50-percent State share already provides substantial incentives for State governments to reduce program costs.

More than 20 States have reduced benefits or beneficiaries. In some States, because of reduced payments to providers, it is almost impossible for a medicaid patient to find a physician.

The point is, what will the States do differently for $9.3 billion in Federal funds that they will not do for $9.6 billion? Where is the lever? States simply will further cut back on health benefits for the poor.

This amendment adds back $700 million to the medicare/medicaid program, bringing it to the level approved by the House Budget Committee.

It would remove the limit on physicians' increase because that is not going to reduce any costs; it is going to mean fewer physicians treating the elderly. It will also add back a portion of the hospital increase, raising the limit on increases from 7 to 10 percent.

We can cut back on rising health expenditures, but the limits in the budget resolution will not do the job.

Fifth, the amendment proposes to bring the Community Services Administration closer to current services, rejecting a one-third cut in their Federal funding during this period of continuing economic slump.

The recovery that we all hope for simply has not yet arrived in the poverty centers of our country. Neither in the inner-cities nor in the rural poverty areas is there any signs of economic upturn.

It would be tragic at this time to suddenly cut one-third from the support of community action programs in every State, in community economic development programs, in senior centers, in migrant programs, and in community food and nutrition programs. The authorizing committee recommended some $600 million for this program. This amendment will simply restore the $100 million cut by the Budget Committee from last year's $400 million level, bringing it closer to current services.

Finally, the amendment will add back $100 million to the rural water and sewer grant program.

The need for this program is evident in the 1,200 applicants still awaiting assistance to improve their water and sewer systems in small rural communities.

This program targets communities smaller than 5,500 in populations and provides them with a grant incentive to package with a Federal loan program.

Only 30 percent of the Nation's population lives outside metropolitan areas; but half of the Nation's poverty and two-thirds of the Nation's substandard housing is in rural America.

This funding will restore the recommendation of the Senate Agriculture Committee and it will still be $100 million below last year's level.

Mr. President, I would hope that the Senate would accept this amendment as reflecting our Nation's needs in the coming fiscal year. And I would hope that my colleagues would view it as a means to improve the budget reform process rather than as an effort to thwart it.

Just as the various authorizing and Appropriations Committees make their best judgments before reporting legislation to the floor, so has the Budget Committee in this instance. And just as the Senate works its will in an effort to improve committee-reported legislation in education and defense and health and housing, so too is it proper and appropriate for amendments to be offered and adopted to a budget resolution reported to the floor. The chairman of the committee made that evident in his opening statement. I believe that adoption of this amendment will improve the resolution and, in doing so, will establish more appropriate targets in these areas of jobs, aging, health, rural and urban development during the coming year.

Let me specify with some detail the reason why I oppose the medicare/medicaid reduction. Under the committee resolution, $1.1 billion was cut from medicare, $300 million from medicaid. Although the Budget Committee's report indicates that they do not necessitate that these particular cuts mean limitations on increases in the reimbursement for hopsitals or for physicians' fees, I do not question that that is where these cuts will be made.

The implications of this budget level, which I know this committee has worked very hard on, are important. The projected increase for hospitals is about 15 percent for this year. We are putting a ceiling of 7 percent on reimbursement for hospitals under medicare. We are also

cutting back the reimbursement levels for medicaid. The effect of this is going to be that the hospitals are going to shift the additional burden onto the Blue Cross or private insurance, the private patients will have to pay the additional costs for services in the hospitals.

What we are going to see, I believe, and I hope and pray that I am wrong, if we go down this course, whether this year or next year or the year after, are long wards where the elderly will be warehoused. Warehoused because of the limited reimbursement by the medicare programs. We are going to see a clear two-class system for treatment of the elderly people. We cannot have this medicare-only control system and also have equal quality care for the elderly people.

The PRESIDING OFFICER. The Senator's 6 minutes have expired.

Mr. KENNEDY. I yield myself 4 more minutes.

Either that, or we are going to find that the elderly people are going to have to pay more out of their own pocket for the medicare program.

In the other area, medicaid, we are providing for the States $9.6 billion under medicaid. Of course, the States match that. It is a 50-percent match. To think that, by cutting that by $300 million, we are going to be able to get a handle on costs, I think, is quite unrealistic. The States are going to cut back on important, essential programs and the poor are going to be left wanting.

In some States, Mr. President, only 30 percent of the doctors today are treating medicaid patients because of the failure of the program to pay adequate reimbursement levels. If you put a further limitation on the area under the medicaid program you are going to find fewer and fewer doctors who will treat the Nation's poor.

The other provisions, Mr. President, provide for a limited program in the area of urban and rural community development. This is the area where half of the poverty exists in the Nation, only 30 percent of the American population, but half the poverty exists in those areas, and two-thirds of the dilapidated housing, and this is a very important program targeted to that condition.

The final area is the Community Services Administration, to have it just what it was last year. That is the essential portion of my amendment.

One more point: What are the budgetary considerations if we pass this amendment?

I ask unanimous consent that a factsheet prepared be printed in the RECORD at this point.

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

KENNEDY-RANDOLPH-WILLIAMS-JAVITS-CRANSTON-BAYH AMENDMENT

This amendment increases funding for jobs, health (Medicare-Medicaid), aging programs, rural water and sewer grants, and urban and rural community development. By funding some 300,000 new jobs, and 15,000 new part-time community service jobs for older workers, there will be a substantial reduction in expenditures for unemployment insurance and welfare and increased tax revenues as well. The amendment permits an additional 95,000 isolated elderly to receive group meals or meals on wheels each day. It also will prevent a one-third reduction in federal funding of community action and it will permit small rural towns to meet water and sewer needs. It also will restore half the reduction in Medicare/Medicaid proposed in the resolution.

The increases are all under the levels recommended by the authorizing committees. We believe these programs reflect important priorities and can be funded to insure sufficient stimulus in the budget to permit economic recovery.

IMPACT OF THE PROPOSED AMENDMENT

| | Budget resolution | Amendment | Total |
|---|---|---|---|
| Public service jobs | 300,000 | 300,000 | 600,000 |
| Older workers jobs | 12,300 | 15,000 | 27,300 |
| Nutrition for elderly (meal spending) | 300,000 | 95,000 | 395,000 |
| Cost: | | | |
| Outlay increase: | | | |
| Public service jobs | $2,200,000,000 | $2,200,000,000 | $4,400,000,000 |
| Older workers jobs | 42,000,000 | 50,000,000 | 92,000,000 |
| Nutrition for elderly | 187,000,000 | 50,000,000 | 237,000,000 |
| Rural water and sewer | 100,000,000 | 100,000,000 | 200,000,000 |
| CSA/urban and rural community development | 300,000,000 | 100,000,000 | 400,000,000 |
| Medicare-medicaid | 1,400,000,000 | 700,000,000 | −700,000,000 |
| Total | | 3,200,000,000 | |

| | Budget resolution | Amendment | Total |
|---|---|---|---|
| Corresponding outlay decrease: Income security (unemployment insurance, welfare) | 140,100,000,000 | −700,000,000 | 139,400,000,000 |
| Net outlay increase | | 2,500,000,000 | |
| Corresponding tax revenue increases | | 700,000,000 | |
| Net increase in deficit | | 1,800,000,000 | |

| | Fiscal year— | | | |
|---|---|---|---|---|
| | 1977 current policy | 1977 budget resolution | Amendment | Fiscal year 1977 total |
| Overall outlays (billions) | $424.2 | $412.6 | $2.5 | $415.1 |
| Tax revenues (billions) | 360.0 | 362.4 | .7 | 363.1 |
| Deficit (billions) | 76.1 | 50.2 | 1.8 | 52.0 |

As the factsheet points out, Mr. President, the gross outlay increases on this sheet by $3.2 billion. But you reduce that by $700 million, would otherwise have to be expended on unemployment insurance payments, AFDC and food stamps for individuals who now are working. That means $2.5 billion in net additional outlays. However, in addition, there are some $700 million more in tax revenues as a result of this amendment. So, the net addition to the budget is only $1.8 billion.

If we do not pass it, there will be $700 million less in terms of income that is being paid into the Treasury, and $700 million more in terms of welfare costs, which is $1.4 billion, which means that without it you are going to be expending $1.4 billion without any jobs or other benefits to show for it.

So the real cost of this program is not substantial—it will still leave us with a deficit $24 billion less than a year ago and for that you can have a really important impact by doubling public service jobs and meeting these other critical areas of need for the elderly, for rural communities, for the poor and for the jobless.

So I think, Mr. President, that this is an amendment that should be approved.

I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. MUSKIE. Mr. President, I yield myself 4 minutes.

The PRESIDING OFFICER. The Senator from Maine is recognized.

Mr. MUSKIE. Mr. President, from the point of view of the Budget Committee, the distinguished Senator from Massachusetts has accurately defined the budgetary impact of his amendment. It would add $1.8 billion to the deficit if fully implemented.

But let me make these observations with respect to it. First of all, there are two main issues raised by his amendment. The first is the addition of 300,000 more public service jobs; and, secondly, to reduce by half the proposed savings in medicare and medicaid programs which the committee's budget resolution mandates.

Putting those two issues aside for the moment, let me address the others. With respect to function 450, the amendment proposes another $100 million in rural water and sewer grants both for authority and outlays, and another $100 million in authority and outlays for the Community Services Administration.

These sums are proposed in the amendment to bring water and sewer programs to the current policy level.

I emphasize that the current policy level is assumed and can be accommodated within the committee's mark. So that what the amendment proposes is already reflected in the budget resolution and the additional amounts are not needed.

I would make this additional point, Mr. President, that I made in connection with all of the amendments up to this point. This budget resolution is not a line item budget resolution. We set overall

totals and ask committees to live within those totals deciding for themselves how to spend the money within a function. But in this case, function 450, it so happens that the purposes to be served by the amendment were assumed by the Budget Committee in arriving at the totals.

The same can be said for the older Americans funds in function 500. This proposes adding $100 million in budget authority and $100 million in outlays for older American jobs and nutrition programs. Again these were assumed and can be accommodated within the numbers established by the Budget Committee.

Well, getting away from those line item kinds of purposes in the amendment, and getting back to public service jobs and medicare and medicaid, with respect to medicare and medicaid savings I repeat what I had to say last week in a rather extensive debate with Senator LONG, chairman of the Finance Committee, who argued that the savings mandated by the budget resolution could not be achieved. He said they were not realistic, and he could not support them.

What I said to him then I say now that the Budget Committee is impressed that these are savings that need to be achieved with respect to administrative costs and other costs, especially in connection with the medicaid program.

If our targets for savings prove to be unrealistic then the committees are surely in a position to come back and make their case on the basis of a careful examination, scrutiny, and review, and certainly the Senate will respond to any such case.

On the jobs question—and then I am going to yield to some of my colleagues—I am, of course, thoroughly sympathetic with the objective of the Senator from Massachusetts. I supported an amendment in committee to achieve that objective. Tomorrow on the floor of the Senate I will be part of an effort to try to revive the jobs bill which the President vetoed earlier this year. Some of the elements of that bill can be accommodated and are accommodated by the budget resolution. The countercyclical program, which is part of that bill, is accommodated by the budget resolution.

The public works portion of that bill is accommodated by the budget resolution. We may find a way to accommodate the waste treatment element of that bill in the water pollution provisions of the budget resolution. So I am for that objective.

But with respect to the public service jobs, the best we were able to do in committee was a rejection of the President's proposal for a phaseout of public service jobs over the next year, and that represented a substantial addition to the proposal.

May I say this to my colleagues finally: What we are establishing here are targets. They are subject to revision as the appropriation bills come through the legislative mill; they are subject to review at the time of the second concurrent resolution, and they surely ought to be reviewed as we get more evidence as to the state of the economy and what is happening to it and to the unemployment rate.

These are targets. They are targets which have been recommended, and we have urged the Senate to honor those targets. But we recognize that the process is not frozen at this point. It is open in conference and later.

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

Mr. MUSKIE. Yes.

Mr. HUMPHREY. Just for one observation?

Mr. MUSKIE. Yes.

Mr. HUMPHREY. I direct the attention of the Senator from Maine to the legislation that will be with us tomorrow or the next day on the jobs bill.

It is my understanding that in the budget resolution that is before us there is not adequate budget authority to accommodate the full text of that or the full dimensions of that bill; in other words, we ought to add about $1.4 billion to the budget resolution so that the legislation which we hope to pass tomorrow can be within the framework of the budget resolution; am I correct in that?

Mr. MUSKIE. That is right. We would be in better shape with respect to the bill tomorrow if we had that in here.

Mr. HUMPHREY. May I ask the Senator, the proposal advanced by the Senator from Massachusetts, of course, does have funds in it to accommodate that budget authority. But let us assume for a minute that that amendment does not pass.

I urge the Parliamentarian's attention to this: Is it possible for the Senator from Minnesota to offer another amendment in the sum of $1.4 billion in budget authority and about $600 million in outlay authority? I ask the Chair to advise and counsel me on that.

The PRESIDING OFFICER. The Chair inquires of the Senator, did he propose to amend the amendment of the Senator from Massachusetts?

Mr. HUMPHREY. I would like to offer an amendment in my own right.

The PRESIDING OFFICER. In that case, the Senator would have to wait until after the votes ordered on the pending amendment and the previous amendments have been completed under the previous order.

Mr. HUMPHREY. May I ask if I were to offer an amendment to the amendment of the Senator from Massachusetts, is that in order?

The PRESIDING OFFICER. At the expiration of the time on his amendment, yes.

Mr. HUMPHREY. And how much time would I have on my amendment?

The PRESIDING OFFICER. Until 5 o'clock.

Mr. HUMPHREY. I thank the Chair. I will reserve judgment on this matter.

The PRESIDING OFFICER. Who yields time?

Mr. MUSKIE. I yield in the order, 3 minutes to my good friend from Oklahoma (Mr. BELLMON), 2 minutes to Mr. DOLE, and how much time would that leave me?

The PRESIDING OFFICER. The Senator has 7 minutes remaining.

Mr. MUSKIE. One to 2 minutes to the Senator from New Mexico.

Mr. HUMPHREY. Will the Senator from Maine yield once more so I can clarify this matter?

Mr. MUSKIE. Yes.

Mr. HUMPHREY. Mr. President, I solicit the attention of the Senator from Oklahoma.

I do want to offer an amendment in my own right. I realize that according to the interpretation of the ruling of the Chair I would have to do that after 5 o'clock, is that correct?

The PRESIDING OFFICER. The Chair advises that an amendment submitted by the Senator would have to be submitted at the conclusion of the votes already scheduled which would not be completed until after 5 o'clock.

Mr. HUMPHREY. They have already been ordered?

The PRESIDING OFFICER. That is correct.

Mr. HUMPHREY. Correct.

Now, is there any time at all for debate on such an amendment?

The PRESIDING OFFICER. Under the previous order, there would be no time for debate after 5 o'clock.

Mr. HUMPHREY. Mr. President, I am going to offer an amendment, and I ask unanimous consent that we have 5 minutes of debate.

The PRESIDING OFFICER. Is there objection?

The Chair hears none. Without objection, it is so ordered.

Mr. HUMPHREY. I thank the Chair.

Mr. BELLMON. Mr. President, the amendment just introduced proposes to increase outlays by $2.5 billion and the deficit by $1.8 billion. The initial increase in outlays is $3.2 billion, but since some of the new spending is substituted for current spending for income security, the net spending change is less than the $3.2 billion figure.

In addition to assumed decreased income security spending, a further offset is assumed to the initial $3.2 billion spending is greater tax revenues. These greater tax revenues are presumed to occur because when people have a job, they pay social security and income taxes. Also, when people are earning higher income, they spend more and their greater demand results in greater industrial production, profits, from which the Treasury receives more revenues.

Mr. President, according to the framework underlying the calculations showing the substantial revenue increase is the notion that the increased Government spending will cause an increase in private spending. Therefore, there is presumed to be a substantial increase in the Nation's income.

The framework upon which the suggested budget impact of the $3.2 billion spending program is based, does not take into account several considerations, all of which serve to make the deficit higher than acknowledged in the amendment.

For one thing, taking people off unemployment compensation and food stamps and providing them public service employment will not increase their consumer spending. When people first lose their jobs and receive unemploy-

ment compensation, one way in which they try to maintain their standard of living is by drawing down their savings or by going into debt. Now that they have a higher paying public service job, which by the nature of the program is not permanent, they simply will maintain the same level of consumer spending as when they were living on unemployment, food stamps, and savings. Their higher income simply means that they no longer will have to draw down their savings or add to their debts, in order to maintain their standard of living. In fact, the nonpermanent nature of the higher paying public service job will result in people increasing their savings by paying off the debts they earlier incurred.

Because there is no increase in spending, there will be no tendency for increased production by business firms.

It also means that they now pay social security taxes on their public service income, and these taxes are the principal revenue gains by the Treasury.

The income tax gain will be negligible because the average wage for a public service job is $6,000. After exemptions, credits, and deductions, the taxable income that is left does not result in much revenue for the Treasury.

On balance then, the tax revenue that will accrue to the Treasury is $0.3 billion, and this is principally social security taxes which are paid into the trust fund.

Another element that has to be taken into consideration is the effect on the economy of financing a larger deficit. The fact that capital investment and the housing market will be adversely affected by the increased deficit means that the GNP will be smaller, and as a result there will be a fall off in income and taxes.

The failure to take account of these considerations means that the actual deficit resulting from adopting the amendment will be roughly a half billion dollars higher.

The economy has rebounded from the bottom of the recession a year ago. The recovery has been particularly dramatic. The economy has performed far better than even the most optimistic forecasters believed as late as the beginning of the year. The unemployment rate is declining faster than anticipated. It is at the level that many thought likely only at the end of this year. The number of Americans employed is at an alltime high. Similarly, the inflation rate is moderating, although there is concern unless Congress exercises spending restraint its abatement may only be temporary.

The Congress must not pursue policies that will lead to increasing inflationary pressure. To pursue inflationary policies, however appealing in the short run, would leave the country in a situation akin to that of a few years ago when we had both high inflation and high unemployment. The present budget is based on the view that the continued moderation of inflation and the continued building of confidence in the private sector are necessary conditions for a continued vigorous economic recovery.

To further increase the deficit now would be the wrong policy. It would hurt the jobless more than it would help. I, therefore, urge that the amendment not be adopted.

Mr. KENNEDY. Mr. President, how much time do I have?

The PRESIDING OFFICER. Five minutes.

Mr. KENNEDY. I yield myself 3 minutes.

With the existence of 300,000 targeted public service jobs, am I correct in understanding from the Budget Committee study that this means approximately $700 million paid in in terms of taxes?

Mr. MUSKIE. That is correct; that is the staff analysis.

Mr. KENNEDY. Furthermore, do I assume correctly that if those targeted public service jobs were not provided, it would mean $700 million in additional welfare costs, with the unemployment insurance and other costs; is my understanding approximately correct on this?

Mr. MUSKIE. If the jobs are primarily targeted on those already receiving unemployment compensation.

Mr. KENNEDY. Exactly.

Mr. MUSKIE. That is a correct figure.

Mr. KENNEDY. So with 300,000 jobs, it will mean $700 million in additional revenue and approximately $700 million less in terms of welfare costs, at least that is my understanding of the impact on my amendment.

Mr. MUSKIE. That is the analysis I have before me.

Mr. KENNEDY. I thank the floor manager.

That is exactly the analysis that we used with the 300,000 additional public service jobs in our amendment. It means instead of vital programs raising the deficit by $3.2 billion, it will only be $1.8 billion, still $2.4 billion lower than last year.

The PRESIDING OFFICER. The 3 minutes have expired.

Mr. KENNEDY. It would mean there will be $700 million less in terms of income and $700 million more in terms of welfare which is $1.4 billion.

So the real cost, in terms of our amendment, is only $1.8 billion to the deficit and for that we can get 300,000 additional jobs that are done. We can get the work done in terms of the water and sewer programs in rural America. We can provide the Meals on Wheels program for 100,000 elderly, we can provide 15,000 elderly with part-time jobs and we can prevent a third cutback in community action.

Mr. President, I am hopeful that this amendment is accepted.

Mr. President, I ask unanimous consent to have printed in the RECORD at this time a letter from the National Council of Senior Citizens, Inc. in strong support of this amendment.

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

NATIONAL COUNCIL OF SENIOR CITIZENS, INC.,
*Washington, D.C., April 12, 1976.*

Hon. EDWARD M. KENNEDY,
*U.S. Senate,*
*Washington, D.C.*

DEAR SENATOR KENNEDY: On behalf of the three million elderly members of clubs and centers affiliated with the National Council of Senior Citizens, I urge your support of the forthcoming Kennedy amendment to the Senate Budget Committee Concurrent Resolution (S. Con. Res. 109).

The budget process is unfairly shifting the burden of constraining the size of the federal deficit to the backs of the elderly, the poor and the ill of the nation. The Kennedy amendment attempts to rectify this injustice by increasing funding levels for jobs, health, aging programs and urban and rural development. The increase in fundig levels is not only justified on economic grounds, but is also an important statement of principle: The search for a number representing the size of the deficit must not obscure the priorities which this nation has long upheld.

The National Council of Senior Citizens and all the nation's elderly urge you at this critical moment in the budget process to support fairness to those in need, who must not be made to pay the debts of the entire nation.

Sincerely,

WILLIAM R. HUTTON,
*Executive Director.*

The PRESIDING OFFICER. Who yields time?

Mr. JAVITS. Will the Senator yield me 2 minutes?

Mr. KENNEDY. The time I have remaining, I yield to the Senator.

Mr. JAVITS. Mr. President, today I am cosponsoring with Senators KENNEDY, WILLIAMS, BAYH, RANDOLPH, and CRANSTON, an amendment to the first concurrent budget resolution for fiscal year 1977, to provide budget authority at a level commensurate with the needs of our country. In areas which directly relate to the needs of people the Budget Committee has not reponded adequately to the urgent problems that still require our attention and which we must answer affirmatively.

We have been receiving good news on the economic front, with economic indicators showing the recession has bottomed out and we are on the road to recovery. The unemployment rate similarly reflects this turnabout. The latest unemployment figure of 7.5 percent is down considerably from the high of 8.9 percent last May, and has caused many economists to revise previous estimates and projections for the coming year. The fact that total employment increased by 375,000 last month, to an alltime high of 86.7 million is further evidence that the recession has ebbed.

On the other hand, it cannot be assumed that all problems have disappeared. Even with the most optimistic estimates, the unemployment rate will remain around 7 percent throughout 1977, and above 6 percent for the rest of the decade. It is for this reason that the budget resolution must reflect our concern for the millions of people who have not and cannot find work. There are still 7 million people who are unemployed, and with the improving economy by the end of fiscal year 1977 there still will be 6 million unemployed. The obligation of our country to provide the jobs and the climate for work continues, and we must provide the means to do the job.

As reported by the committee, the resolution would provide for the continuation of the present public service employment program through 1977, but

only as it reflects the abating unemployment rate. When this is translated into numerical terms, the present level of 320,000 jobs will be reduced to aproximately 301,000 jobs to correspond to the dropping unemployment rate. This is an unacceptable course for the Senate to take, as it ignores the unemployed millions who will have exhausted their unemployment compensation benefits during the coming year. This amendment, by increasing by $2.2 billion the outlays for public service jobs will enable the present program to double and thereby provide 600,000 jobs, to provide necessary and essential services to local governments that would not otherwise be performed.

This amendment would provide jobs that would be targeted on those segments of the population that are most in need of relief from the burden of unemployment. The Committee on Labor and Public Welfare has under consideration targetting for the long term unemployed—those unemployed whose attachment to the labor market has been strained or broken. The committee's attention is focused on those who have worked, but who have lost their jobs because of the recession. The alternative they face is the welfare rolls, a prospect that these "workers" find repugnant and disheartening. It is for these exhaustees of unemployment insurance that we must provide more jobs.

The goal of this program is to spread the economic benefits of the 300,000 new jobs over the greatest number, and the neediest, of persons dependent on out-of-work wage earners, and to restore the habit of work by substituting jobs at very modest wages for income maintenance checks. These jobs would be limited to 12 months per person. At least half of the participants would work in projects—off the Government payrolls—with nonprofit agencies and organizations, including schools. The program would trigger "off" when national unemployment dropped below 5 percent for 3 consecutive months, and funds would be authorized to be appropriated only for fiscal year 1977.

The cost of providing these jobs will be reduced in the budget by savings in unemployment compensation and welfare payments. The benefit of providing a job for useful and productive services to the community, weighed against the payment of unemployment insurance or a welfare check, is clear.

In considering this increase to the deficit, the offset to other functions in the reduction of outlays, plus the stimulus to the economy and its ripple effect in the private sector reduce the cost of providing a public service job. It would be unconscionable to abandon the battle now that a few victories over the recession have been won. This amendment recognizes that the Government must continue to provide temporary jobs for 1 year duration, until the economy can reabsorb those workers traditionally in the work force.

Another area that must be addressed is our commitment to the poor of this country. By increasing the budget authority to the Community Services Administration $100 million, this amendment would reaffirm the Senate's commitment to the economically disadvantaged. This increase is necessary to prevent a near one-third reduction from last year's funding, under the present resolution. The effect of the recession has been felt most dramatically by the poor, with fiscal cutbacks and reduction in services. Those who have the least political clout are too often the poor and minority groups. We should not be cutting back by turning our backs on those who can afford cuts the least.

The Community Services Administration, the successor to the Office of Economic Opportunity, is the voice of the poor in our Government, and must at least be able to continue its program at the current services level; $100 million may not seem a great sum relative to the budget itself, but it remains the lifeblood for the war on poverty.

These programs are essential for our Nation, and its citizens, and merit the support of the Senate.

The PRESIDING OFFICER. Three minutes remain for the floor manager.

Who yields time?

Mr. MUSKIE. I yield to the distinguished Senator from New Mexico.

Mr. DOMENICI. I yield to the Senator from Kansas.

Mr. DOLE. Mr. President, the proposal of the Senator from Massachusetts, Mr. KENNEDY, would allow for an additional 300,000 public service jobs, bringing the total of public service jobs to 600,000.

During 1977 we will be at a point in the economic recovery when such temporary measures should start being phased out. This is the administration's proposal.

The Budget Committee's recommendation already exceeds the President's recommendation. The committee has allowed funds for continuation of 300,000 public service jobs through the end of fiscal year 1977.

The proposal of the Senator from Massachusetts would leave us with 600,000 people still on the public employment rolls at the end of 1977. By this time, the unemployment rate is likely to be below 6 percent and declining. This would amount to a substantial and continuing diversion of labor resources from the private sector. If this employment can be phased out, it would have to be done gradually. The decline from 600,000 public service jobs to zero public service jobs would probably take a year or more. A program of this size at the outset of 1978, and decreasing only gradually through that year, would clearly be in competition with private sector jobs.

It is admittedly difficult to know what level of public job assistance is desirable and when temporary employment measures should be scaled back. Making the decision to reduce such programs in advance—when the rate of unemployment is still high—gives the appearance of insensitivity. Indeed, once started, one of the major practical drawbacks to such economic policies is being able to make the decision to stop. If this approach were adopted, I would anticipate the same arguments a year from now—with an unemployment rate still above 6 percent—to continue the 600,000 jobs program through fiscal year 1978.

The Senator from Kansas thinks it is prudent to at most hold the level of public service jobs at 300,000 through 1977 to insure that this temporary program can be phased out quickly thereafter.

The Senator from Kansas would also take issue with the economic analysis associated with the Kennedy proposal. I think it understates the net budget effect of the public service jobs approach. There would no doubt be a substitution of public service wages for other Federal income support payments. But the multiplier or "ripple" economic effects—as employment, tax revenues, and income support payments—are almost surely overstated.

An individual who receives a $7,000 per year public service job will not increase his spending by anywhere near $7,000. A large percentage of those who are unemployed will have maintained their living standard and expenditures somewhere near their previous level. This is possible through unemployment benefits, drawing down savings, or going into debt. This does not mean to imply that the unemployed do not face serious financial hardships. But just as a matter of economic analysis, their expenditures will not increase dramatically. Rather, savings will be rebuilt and debt paid off. For this reason, the ripple effects of these public service jobs are likely to be small.

Also, the tax revenue gains would appear to be overstated. A public service job that pays $6,000–$7,000 yields little, if any, income tax liability. The only significant tax revenues generated would be social security and unemployment contributions.

For the above reasons, the net cost of this jobs program may be understated by as much as a billion dollars. The effect on the Federal budget deficit is more likely to be $2.8 billion than $1.8 billion.

If there is a desire to hasten the economic recovery and to create jobs more quickly, this should be done by encouraging further employment in the private sector of the economy.

On April 1 of this year, the Senator from Kansas introduced the Employee Assistance Act of 1976, S. 3235. This measure would create more jobs at less Government expense; the jobs would be fully productive and potentially permanent positions, with private firms. A full description and discussion of that proposal is contained in my statement introducing that bill.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I want to reiterate, looking at the Kennedy fact sheet, that if we look at the older workers jobs, the nutrition for the el-

derly, the rural water and sewer, those items are covered within the target figures that the Senate Budget Committee brought to the floor.

If we are going to begin line iteming them, we are going to be here forever. I think we can tell the Senate in good faith that they are there and covered by it.

So I wish to spend a little bit of time talking about the issue raised by the Senator from Minnesota and the Senator from Massachusetts with reference to public service jobs, accelerated public works and countercyclical.

I believe there is some confusion. First, let us clarify this: In the Budget Committee's figures, there are $8 billion in budget authority for CETA, including emergency public jobs. There is in excess of $7 billion for outlays for those programs. This is in function 500. I will give the exact figures.

We already have $7.1 billion in budget authority and $7.8 billion in outlays. What we said in the committee is that there is a great deal of latitude during 1977 to take that fund in excess of $7 billion and provide more of it if wanted for public service jobs, the emergency type. They can provide for Senator CRANSTON's concept of zeroing in in a new way to get maximum economic benefit. But the committee denied the President's request that we phase out public service jobs. We left it funded in total at current service levels which included all CETA manpower programs and all the money Senator JAVITS has gotten in for public service jobs of the type we have today.

We suggest there is a better way for innovative people to use $7.1 billion in manpower money which we put in in a bunch to get the 600,000 public service jobs if there is found a better way to do it than the way we are doing it now, and if they perhaps switch around some of the other manpower programs which are not job oriented but training oriented and extremely expensive.

Senator HUMPHREY is worried about accelerated public works. We have already cleared on the floor that under function 450 there are adequate funds for the entire proposal of the Senate. We do not know what will be brought out of conference, but if the Senator will check with the chairman of the committee (Mr. RANDOLPH) we have already adjusted 450 and 500 so there will be adequate funds if it be the will of the Senate to fund the Senate public works field.

We already have adequate money to fund the program of the Senator from Maine in toto, if that is what this body wants to do.

I am not saying I will support them, but the Senate has that flexibility.

The only possible issue is the water and sewer funding program, and when that is looked at in toto, I think there are funds in there for that. When the Senator speaks of the new job bill, we do not know what he is talking about, so we cannot answer that.

Mr. HUMPHREY. Mr. President, the budget resolution, as proposed by the Budget Committee, is too modest in its targets for reducing unemployment. It aims at too low a rate of growth in the overall economy. It fails to provide for supplementation of that growth with direct programs to temporarily employ those who have been thrown out of work by the recent recession.

The amendment proposed by my colleague Senator KENNEDY would help correct this deficiency. By restoring funds for an expanded program of public service employment, it would provide an estimated 300,000 temporary jobs for those presently unemployed. This would approximately double the size of the existing public jobs program. Such an expanded program has already been approved by the House of Representatives and is pending in the Senate. Both the Senate Labor Committee and the Joint Economic Committee recommended that provision for such an expanded program be included in the budget resolution. The Budget Committee chose not to accept this recommendation. It is entirely appropriate that this issue be brought to the floor of the Senate and fully debated.

I know that many of my colleagues are skeptical about a public jobs program. They have heard descriptions of failures and deficiencies in the present program. To be sure it has its deficiencies. It is far from a perfect program. But what is the alternative?

The Budget Committee estimates that under its budget plan the unemployment rate will still be about 6½ percent at the end of next year. This means millions of persons drawing unemployment compensation—or worse yet, exhausting their unemployment benefits and still unable to find work. At present there are about 1½ million persons who have been out of work for 6 months or more. It is to assist these long-run unemployment that an expanded jobs program is required. Month after month of enforced idleness makes no sense—not from the point of view of the individual and even less from the point of view of society. At present, society is paying these individuals not to work. Surely it makes more sense to pay them to work.

Many of the deficiencies of the present public jobs program would be corrected under the legislation which has passed the House. It is not beyond the mind of man—nor beyond the capability of this Congress to design an effective program.

I remind my colleagues that the budget resolution we are debating today sets targets. It does not determine binding totals. I would like to see additional funds for public jobs included in these targets. It would signal to the country that we intend to act effectively against high unemployment.

However, even if we do not succeed today in expanding funding for this purpose in the first budget resolution, we should not be deterred from proceeding with substantive legislation to authorize and fund this program. There will be an opportunity to bring the budget into conformity with individual spending decisions in the second resolution in September. This is one program area in which the budget resolution should be adjusted to accommodate the program, rather than the other way around.

In addition to public jobs, the Kennedy amendment would provide needed funds for medical care, nutrition for the elderly and rural and community development. With the higher receipts which greater prosperity would produce, its effect on the deficit is modest.

This is an amendment designed to bring the budget resolution more closely into line with the needs of what is still—despite some recent improvement—a very high unemployment economy. The purpose of our new budget procedures is to help us produce a budget which meets our economic needs. I urge my colleagues to support this amendment.

Mr. MOSS. Mr. President, I rise to speak regarding the amendment which has been offered by the distinguished Senator from Massachusetts. The amendment would increase expenditures by $3.2 billion, achieve certain budget offsets resulting in a net addition to the deficit of $1.8 billion.

The amendment, if adopted, would significantly change the budget resolution. Regarding the proposed addition of $100 million for increases in rural water and sewer programs, this resolution already includes funding at current policy levels. The additional $100 million proposed would be above current policy.

I believe the proposed increases of $100 million—$50 million to provide additional meals under the nutrition for the elderly program and $50 million for older-worker jobs, and $100 million in the CSA-Urban and rural community development program—fall in the category of line items, which this committee does not deal with. Therefore, I think it is inappropriate to treat them on a line item basis in considering this resolution today. Nonetheless, if the authorizing committees so recommend and it is the will of the Congress, these amounts could be accommodated within the resolution.

With regard to the proposed $700 million increase in the medicare/medicaid program; in developing the resolution, the committee reduced the outlays for medicaid by $.3 billion and medicare by $1.1 billion in fiscal 1977. There was considerable discussion during the markup regarding health programs and the need for initiatives to achieve effective control of the health care programs and to reduce the spiraling health care costs. The Finance Committee had indicated a desire to develop legislative proposals which would moderate the anticipated increases in reimbursement under medicare program efficiency.

Incidentally, I think it would be helpful to compare the committee's recommendation with current policy and with the levels proposed by the President. Mr. President, I ask unanimous consent that the following table reflecting such a comparison be printed in the RECORD.

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

MEDICAID-MEDICARE BUDGET

[In billions of dollars]

| | Fiscal year 1976 current policy | Fiscal year 1977 current policy | President's budget, fiscal year 1977 | Budget Committee recommendation |
|---|---|---|---|---|
| Medicare: | | | | |
| Budget authority | 18.7 | 23.4 | 23.0 | 23.8 |
| Outlays | 17.7 | 21.6 | 20.3 | 20.5 |
| Medicaid: | | | | |
| Budget authority | 8.4 | 9.6 | (1) | 9.3 |
| Outlays | 8.3 | 9.6 | (1) | 9.3 |

[1] President proposes a block-grant which would consolidate medicaid with other health programs.

Mr. MOSS. As Members know, health care costs have been a major contributor to the increasing inflation in the last several years. As a member of the Special Committee on Aging, I am aware of abundant evidence of abuse and fraud in both medicare and medicaid programs. I believe that action can and should be taken to improve the management of these programs in order to reduce costs without reduction of the services provided to the program participants. We must keep the pressure on to hold down costs. In so doing, we must be realistic and recognize that savings which can be made at least in short run, are limited. Constraints proposed should be reasonable, attainable, and fiscally responsible, and serve to keep the pressure on for program improvement and efficiencies. The committee's recommendations meet these criteria.

Now, turning to that part of the amendment which proposes an increase which deals with jobs.

The amendment contains a proposal to increase the number of jobs for the unemployed. I support that objective.

In my statement before the Senate last week, I indicated that largely as a result of congressional decisions in the last session regarding the fiscal 1976 budget, the course for the Nation's economic recovery had improved.

Unemployment has been reduced by 750,000 since March of last year. Employment has increased by some 2.7 million jobs in the same time.

The number of individuals out of work is still deplorably high. But the new entrants or reentrants into the labor force now account for a larger part of the unemployed total than was the case a few months earlier. Job losers account for a much smaller part. But despite continued progress in this area, increased employment must remain a priority matter.

This resolution provides continued unemployment benefits, it provides 750,000 more jobs—more than the President's budget recommends—and it provides fiscal policies designed to increase economic growth above the levels recommended by the President.

In preparing this resolution, the evidence before the committee indicated that avoiding a resurgence of rapid inflation is crucial to further recovery from high unemployment and for the economy overall. The spending ceiling and the fiscal policies recommended in this resolution, will in my judgment reduce inflationary expectations and forestall pressures from excess demands. There is concern that we avoid excessive spending, to meet the objectives set by the committee for continuing the economic recovery at a steady pace so that the Nation can keep moving toward full employment and a balanced budget. More spending in the short run may accelerate economic recovery and provide more jobs than this resolution. But inevitably it could lead to overstimulative policies and more inflation.

Along with the turnaround in the economy, consumer confidence has improved. But any resurgence in the pace of inflation, could pose a threat to consumer and business confidence, and to further economic recovery which is so urgently needed. The strength of consumer confidence in the period ahead, will depend in part on what the Congress and the Government do on the fiscal and economic fronts. Our actions on this resolution will likely be a factor in influencing consumer attitudes.

As Members know, recent efforts by the Congress to enact a jobs program have been frustrated by the President's vetoes. We should continue to try for an effective program. But in light of recent experience, the President's receptivity and likely actions toward a jobs proposal are certainly a consideration. There is a real question about whether a proposal for a jobs program would again be vetoed; whether a program of this magnitude—involving such large expenditures—could be put in place; certainly not without the cooperation of the President.

We have $3.9 billion in budget authority and $1 billion in outlays for fiscal 1976, and an appropriate amount in the transition quarter for countercyclical and public works activities which will create jobs.

We should expedite action in Congress to pass a jobs bill. We should make yet another attempt to get the President's approval so that the funds available in the fiscal 1976 budget can be outlayed for such a jobs program in the remainder of this fiscal year and the transition quarter. This action would provide a helpful boost to employment but we should also plan beyond September 1976 when these funds expire. And the resolution before us does that, it provides funds to continue the kind of jobs program which I envision could be enacted, in the next few weeks, for this fiscal year.

The second concurrent resolution will be considered and must be approved by the Congress by September 15. The roughly 4-months interim period will provide valuable time to assess the economy's performance. This will also give us an opportunity to see if the private sector continues to provide an increasing number of jobs as has been the case in recent months. After a period in which unemployment worsened or showed virtually no change, recent months have witnessed a marked improvement in unemployment. I am hopeful this trend will continue.

I believe we should monitor the economic picture closely over the next few months and carefully consider the results in developing the second concurrent budget resolution fiscal 1977. In the interim, if the economy's actual performance differs significantly from the committee's present forecast for the remainder of fiscal 1976 and the transition quarter, the committee can revise its recommendations in time to insure that the second resolution appropriately address this matter.

Any increase in funds in this resolution could not be placed in effect prior to October 1, 1976, the new fiscal year, in any event. And by waiting until the second concurrent resolution, we will have a better picture and more current data upon which to base a judgment regarding the necessity for increased expenditures.

The House has more money for jobs in its proposed budget resolution than this one. I would hope that the Senate would support the Budget Committee conferees in working out the best arrangement for increasing employment during the conference.

Thus, in voting against the amendment, I am not voting against improving the employment picture. I have consistently voted in support of policies and programs designed to increase jobs and reduce unemployment. But in voting I am doing three things: I am indicating my support of jobs programs and in reducing unemployment; I am indicating my belief that the stimulus and number of jobs recommended in this resolution together with the modifications we can make in conference with the House on the budget resolution is the best course of action at this time, pending the second resolution; and I am voting against adding further to the deficit.

Mr. CRANSTON. Mr. President, I rise in support of the amendment offered by the distinguished Senator from Massachusetts (Mr. KENNEDY) which I join in cosponsoring.

This amendment proposes to increase overall outlays by $2.5 billion and the deficit by $1.8 billion in order to provide funding for important domestic priorities, especially jobs and support for elderly persons. In my separate views included with the report of the Budget Committee on the first concurrent resolution, I set forth my strong support for increased funding for public service jobs and decreased funding for defense expenditures. I indicated there that I sup-

ported a cut of $3.5 billion in budget authority in the defense function. And I have already spoken today in support of the amendment offered by the Senator from Indiana (Mr. BAYH) to reduce defense expenditures.

With respect to the pending amendment, Mr. President, the jobs proposal represents a scaled-down version of an amendment which I offered in the Budget Committee for Senators KENNEDY and MONDALE and myself to add 700,000 public service jobs over the existing 300,000 level. I continue to believe that that is the appropriate level given the more than 7 million people who are out of work, and actively looking for work, in our land.

I believe strongly that the priorities in the resolution reported from the Budget Committee are misplaced and out of line with the priorities of the American people insofar as job production is concerned.

Mr. President, the details of the jobs proposal which we offered in the Budget Committee are discussed in my separate views and an appendix to them. I ask unanimous consent, Mr. President, that the appropriate excerpt from those separate views regarding function 500 be printed in the RECORD at this point.

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

SEPARATE VIEWS OF SENATOR ALAN CRANSTON

INTRODUCTION

I have voted to report this Resolution with the gravest reservations. I believe that while the Committee's hard work has produced a major step forward in one area of its responsibilities—taking control of and reducing the level of Federal spending—it has failed to carry out its other responsibility: allocating Federal spending in accord with an appropriate set of national priorities.

This Resolution is unsatisfactory in both its short and long run perceptions of America's needs. It fails to deal sufficiently with the immediate, desperate need to get millions of unemployed workers back to work—the real solution to eliminating the $50 billion deficit in the Committee Resolution—relying instead on the vague hope that jobs will gradually appear in the private sector and trickle down to those who need them the most.

And, it attempts to commit us to unneeded billions of dollars of present and future accelerated and excessive military spending.

Ironically, the Resolution, while calling for unprecedented expenditures for national defense years after the end of the Vietnam War, fails substantially to meet the true costs of that war by providing for an appropriate level of expenditures to serve and care for the veterans of that war and other wars.

Last year I had some misgivings about the priorities reflected in the initial First Concurrent Budget Resolution. But I voted to report it and to support it against all amendments on the Senate floor, upon the assurance that the Committee would watch the economy carefully and make adjustments where needed.

I contained my own dissatisfactions then with spending allocations because the functional totals were not a part of the resolution, and because I felt that accommodation to a concensus was a necessary and vital part of the fragile new budget process, even though my own views were not completely reflected. I still believe, of course, that accommodation is a necessary part of this process. I do not, however, believe that this Resolution, in the areas of my strongest concern, reflects very much, if any, accommodation to the views I share with so many others. In at least three areas, I invite the Senate as a whole to give this resolution its severest scrutiny. These are national defense, employment and training, and veterans benefits.

I would propose, without increasing the Committee's over-all spending and deficit levels, to alter the mistaken priorities expressed in this Resolution. Specifically, I would spend $3.5 billion less for defense, of which a net of $2.5 billion would be used to provide 700,000 more public service jobs, and $1 billion to provide additional veterans health, education, compensation, and pension benefits.

*Function 500: Education, training, employment, and social services*

I believe that the $2.2 billion provided for public service jobs is totally inadequate at a time when more than 7 million Americans are looking for work they cannot find and another 1 million have given up looking. The Committee rejected the recommendation of the Labor and Public Welfare Committee to provide for a total of 1 million jobs, 700,000 over the existing level. I presented this proposal to the Budget Committee through a program, developed with Senators Kennedy and Mondale, to produce these 700,000 additional jobs for a net increase in the deficit of $1.5 billion, at a net cost to the deficit of $2,100 per job. These net cost figures derive from our proposal to target the jobs largely on long-term unemployed persons already receiving Federal assistance.

According to official unemployment statistics, which utterly fail to tell the full story, we have 7,027,000 unemployed persons in this richest of all nations. Of these, 2,667,000 are unemployed heads of households. The household head unemployment rate has almost doubled over the last 3 years.

In 1974, when we enacted the current "Emergency Jobs Program", we had about 5 million people unemployed. Today, we have more than 2 million more people looking for work. I fail to understand how we can continue to rely on a job-creation program designed for a 5.6 percent unemployment rate at a time when we have a 7.5 percent unemployment rate and 2 million more "officially" unemployed individuals.

This represents over 7 million individual human tragedies, and the impact of the extent of household head unemployment is to devastate a total of over 10 million people.

More than problems of lost income and inadequate food, shelter, and clothing for the affected millions are involved—although that's bad enough. These are millions of men and women who want to work, and are not able to find jobs. These are men and women who, sadly, are losing the habit of work. Many are collecting unemployment insurance, welfare, or food stamps rather than using their minds and bodies in productive labor. The average duration of "official" unemployment is 16 weeks—that's one third of a year.

I recognize that this proposal will not meet the needs of all these tragic victims of our depressed economy. Right now we have to move moderately so as not to regenerate double digit inflation which would create even more hardship and suffering. That is why our program would target the jobs in several very critical ways.

First, on those who have minimal outside income, taking into account family size and urban and rural differences;

Second, on those who are long-term unemployed, more than 13 weeks;

Third, on those with family support obligations; and

Fourth, on those receiving other Federal, State, and local income maintenance payments.

The goal of this program is to spread the economic benefits of the 700,000 new jobs over the greatest number, and the neediest, of persons dependent on out-of-work wage earners, and to restore the habit of work by substituting jobs at very modest wages for income maintenance checks. These jobs would be limited to 12 months per person. At least half of the participants would work in projects (off of Government payrolls) with nonprofit agencies and organizations, including schools. The program would trigger "off" when national unemployment dropped below 5 percent for 3 consecutive months, and funds would be authorized to be appropriated only for fiscal year 1977.

In terms of Function 500, we proposed adding $5.1 billion in outlays and budget authority, and subtracting $2.2 billion from Function 600 (Income Security) for a net increase in outlays of $2.9 billion. We estimate that our proposal would produce a GNP increase that would generate 105,000 new private sector jobs and result in tax revenues and certain other derivative reductions in Federal income maintenance outlays, totaling another $1.4 billion offset.

At the conclusion of these supplemental views, I am inserting an appendix describing this proposal in more detail.

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APPENDIX TO VIEWS OF SENATOR CRANSTON

A PUBLIC SERVICE EMPLOYMENT PROGRAM AUTHORIZING 1 MILLION JOBS

*Need*

A vast number of the more than 7 million individuals currently unemployed will continue to be unable to obtain jobs in the private economy or through the current CETA title II and title VI public service jobs programs during 1976 and 1977. Among this group, the greatest social dislocation occurs from the unemployment of heads of household, particularly those with children.

The cost to the Nation of such unemployment is more than the individual suffering. It includes billions in unemployment compensation, in welfare payments, and in lost tax revenues at every level of Government.

*Program*

This program consists of revising CETA title VI (currently "emergency jobs program") into three parts which together will authorize the provision of 1 million jobs. Part A contains general provisions applicable to both parts B and C. Part B contains a hold harmless provision which maintains the existing level of approximately 300,000 public service jobs nationwide under titles II and VI of CETA. These jobs would continue to be conducted through the prime sponsors and under existing CETA regulations.

Part C (sponsored by Senators Cranston, Kennedy, and Mondale) contains an authorization of appropriations ("such sums") to fund an additional 700,000 public service jobs targeted toward that portion of the population of unemployed who are most in need of employment.

Under this proposal, in order to qualify for a public service job provided under part C, the individual must (1) have a gross annual family income which does not exceed 70 percent of the lower living standard budget, adjusted to take into account regional differences, as well as family size ($6,300 for a non-farm family of 4 on the average), and (2):

(a) have been receiving unemployment compensation for at least 13 weeks; or

(b) be a member of a household which has been receiving AFDC; or

(c) have exhausted unemployment compensation benefits or never have been eligible for such benefits and been unemployed for at least 13 weeks.

The average annual cost per job under this proposal is $7,300. The average annual wage is $6,000. An individual would remain employed in a part C job for no longer than 12 months. In allocating public service jobs and determining hours of work, the sponsor would be required to take into account the household support obligations of the applicant, and to give special consideration to alternative working arrangements such as flexible hours of work and shared and part-time jobs, particularly with regard to persons with school-age children and older persons.

In order to conform with the compensation rate maximum ($10,000) and to provide the greatest number of jobs, sponsors would be permitted to adjust hours of employment as long as the prevailing hourly wage rate is paid for the part-time job.

The sponsors would be the State and local governmental units specified under part B of title VI. Sponsors would be required to contract out at least 50 percent of public service jobs under part C for the carrying out of specific projects in the public, nonprofit sector, including projects conducted by community-based organizations (as defined in 701(a)(1) of CETA), local educational agencies, and community development corporations. Projects conducted under this part would have a duration of not more than one year. Sponsors would be required to use employees not engaged in those projects to perform useful public services without displacing on-going activities.

Under part C, the sponsor would ensure that not more than 20 percent of the funds are expended for those who have exhausted unemployment compensation benefits or who have never been eligible for such benefits and have been unemployed for at least 13 weeks.

The proposal contains an anti-negotism provisions and provisions comparable to the present title VI program (now under part B) to prevent "paper layoffs" and the substitution effect, as well as linkages to training and support services. In addition, the proposal would require that there be no more than one CETA public service job per family unit.

*Costs and offsets*

Under this proposal, the estimated initial outlay directly for the 700,000 new jobs would be $5.1 billion. However, the reduction in Federal unemployment benefits, AFDC payments, and food stamps would be approximately $2.2 billion. As a result of the stimulus to the economy from the new 700,000 workers, an additional 105,000 persons would be employed in the private sector. The savings realized as a result of this economic stimulus to the private sector would generate another reduction in the net cost of the program of $1.4 billion (approximately $1 billion in new revenues and $0.4 billion in savings). Thus, the total Federal offset would be $3.6 billion.

Consequently, the net cost of employing 700,000 new workers in the public sector, directly and through contracts, and targeted as described above, would be $1.5 billion. This is the amount the Federal deficit ultimately will be increased by this proposal. The average net cost to the deficit per job is approximately $2,140.

A chart, detailing the breakdown of these offsets, is attached as table A. Table B illustrates the current level of jobs, the level contained in the House bill (if that bill were targeted on the same long-term unemployed), and the level provided for in this proposal.

No benefits accruing to States and localities in additional tax revenues or reduced services have been included in these calculations, although they would exist (up to $700 million). Those savings and new revenues could be used by States and localities for the administrative, equipment, and training costs of the program.

*Summary*

This proposal, authorizing a total of 1 million jobs, is designed to focus on those unemployed with the greatest need for employment. The authorization of an additional 700,000 jobs in the manner outlined in this proposal will minimize the budgetary cost while maximizing the number of jobs provided for the funds expended.

The funding level necessary to reach the 1 million job level—$7.3 billion (consisting of $2.2 billion for part B [hold harmless] and $5.1 billion for part C)—is consistent with the level recommended to the Senate Budget Committee by the Senate Committee on Labor and Public Welfare for temporary employment assistance. This proposal translates into legislation the Committee's intent, as expressed to the Budget Committee, to provide 1 million public service jobs in fiscal year 1977.

TABLE A.—*Net cost of a public service employment program authorizing 700,000 jobs*

| | *Billions* |
|---|---|
| Gross cost (outlays): 700,000 jobs at average annual cost per job of $7,300 | $5.1 |
| Outlay offsets in income maintenance: For 616,000 jobholders | 2.2 |
| [224,000 job holders × $75/week U.I. × 52 weeks=$873.6 million (Assumption No. 2); 196,000 jobholders × $20/week foodstamps and $75/week U.I. × 52 weeks=$968.24 million (Assumption No. 3); 140,000 jobholders × $35/week foodstamps and AFDC × 52 weeks= $254.8 million (Assumption No. 4); 56,000 jobholders × $20/week foodstamps × 52 weeks=$58.24 million (Assumption No. 5); 84,00 jobholders × 0=0 (Assumption No. 6)] | |
| Net outlay cost | 2.9 |
| Savings from economic stimulus to private sector (105,000 jobs) | 1.4 |
| Total savings in income maintenance and economic stimulus | 3.6 |
| Total net cost of 700,000 jobs, gross cost, total savings | 1.5 |

ASSUMPTIONS

(1) The average annual cost per job is $7,300.

(2) 32 percent of the jobholders received compensation of $75 per week.

(3) 28 percent of the jobholders received foodstamps of $20 per week in addition to $75 weekly in unemployment compensation.

(4) 20 percent of the jobholders received $35 weekly in welfare payments (federal share) and food stamps.

(5) 8 percent of the jobholders received only food stamps equal to $20 per week.

(6) 12 percent of the jobholders received nothing from the federal government.

TABLE B.—*Comparison of the level of jobs provided in the current program, the House bill, and L. & P.W. budget proposal*

[Chart not reproduced]

Mr. CRANSTON. Mr. President, I think it is most appropriate for the Senate as a whole to take a look at the priorities presented in the Budget Committee resolution and to make its own judgment with respect to what this Nation needs in terms of employment, economic, and social policies. I urge my colleagues to do that, and to support this critical amendment.

Mr. TAFT. Mr. President, while I have in the past supported CETA title VI and recently voted for the necessary urgent supplemental appropriation adding $1.2 billion for CETA title II, I am constrained to vote against the Kennedy amendment which would double the budget committee's allocation for a public service job program. The economic recovery we are presently experiencing confirms the desirability of phasing down public service employment in an orderly manner as permanent employment opportunities increase in the public sector. I believe the budget committee's recommended outlay of $2.2 billion is adequate and will provide us with sufficient opportunity to fund the continuation of a title VI program or any other temporary manpower program, if it is justified. The Senate Labor Committee, on which I serve, is presently considering these difficult issues.

Mr. BELLMON. According to Senator KENNEDY's amendment, there will be an increased deficit of $1.8 billion. This deficit is the result of including $700 million more revenue and $700 million less welfare expenditure.

It is not correct to now say that the budget impact is $400 million because the $700 million greater tax revenue and $700 million less welfare expenditure are to be taken from the $1.8 billion deficit. To add $700 million more revenue and subtract $700 million less expenditure is to count the same dollar twice. The added deficit $1.8 billion, not $0.4 billion.

Mr. WILLIAMS. Mr. President, before nightfall, the Senate will vote on the passage of the first concurrent resolution on the budget for fiscal 1977. The vote will mark the the initiation of the formal and comprehensive effort of Congress to establish budget priorities for the coming fiscal year.

Mr. President, the Budget Committee members, and in particular its distinguished chairman (Mr. MUSKIE) and its distinguished ranking minority member (Mr. BELLMON), deserve the thanks of the Senate for their earnest and concerted consideration of national priorities under exceptionally difficult circumstances. The care with which they prepared their recommendations has provided a solid foundation for the Senate decision we are about to make.

The implications of the Senate's decision can be—and in these crucial times, certainly will be—vast and far-reaching At stake is the recovery of the American economy from the worst recession in 40 years. The well-being and aspirations of millions of Americans will rise or decline as our budget decisions dictate. In making our priorities choices, we cannot afford to be wrong.

The Senate Budget Committee has given us its recommendations, which culminate an arduous and detailed budget process that involved every Committee of Congress. The Committee on Labor and Public Welfare, which I have the privilege to chair, conducted an exhaustive study of the Federal activities within our jurisdiciton so that we would be fully prepared to make our own recommendations. By a committee vote of 15 to 1, we approved a comprehensive report of our views and estimates for the vital employment, education, health, and poverty programs, as well as the programs for the aging, the

handicapped, and the very young, for which we have legislative responsibility.

In many respects, Mr. President, the priorities we recommended on the Labor and Public Welfare Committee are recognized and substantially reflected in the budget resolution now before the Senate.

For education, the level of funding is sufficient to sustain a national commitment to educational opportunities for the American people, but more ample funding is required to make those opportunities a reality for all those in need; I am personally pleased that handicapped children and their special educational needs are given a high priority in the budget for the coming fiscal year. Allowance has been made for continuing Federal efforts to provide better health care for more citizens. And the resolution recognizes that several million families will be forced to rely on unemployment compensation and other income assistance as the economy grudgingly recovers from the recession.

One serious deficiency of the resolution, however, is the low priority it accords Federal efforts to create jobs. The Labor and Public Welfare Committee strongly recommended a vigorous employment expansion program. The Budget Committee has chosen to actually allow a contraction of the emergency public service jobs program.

In fiscal 1976, the Federal Government will have spent in excess of $2.7 billion to provide work in public service for unemployed Americans who have been unable to find other gainful employment. For fiscal 1977, the Budget Committee has recommended $2.2 billion in outlays, a reduction that portends renewed joblessness for at least 20,000 employees in emergency public service.

Mr. President, I regard this prospect as a serious mistake in light of the nearly unanimous view of economists that unemployment will continue at unacceptably high levels throughout fiscal 1977. Under the best of circumstances predicated on this budget resolution, the numbers of unemployed would remain above 5 million and the rate of unemployment would remain above 6 percent when the fiscal year ends on September 30, 1977.

A congressional decision to turn our backs on joblessness would be intolerable under these conditions. If joblessness is not among the priorities of the Senate today, then those who have suffered the pangs of the recession will have reason to lose hope.

On these grounds, Mr. President, I seek to make the case for adoption of the amendment proposed by the Senator from Massachusetts (Mr. KENNEDY) and myself, along with Senators JAVITS, CRANSTON, BAYH, and RANDOLPH. I urge my other colleagues to give it their full support.

The centerpiece of our amendment, Mr. President, is an allowance for $2.2 billion in additional budget authority for expansion of public service jobs to a level of about 600,000 in fiscal 1977. This would constitute an increase of about 280,000 jobs, compared with the recommendation of the Budget Committee for a reduction of about 20,000.

The other provisions of our amendment would have much smaller budget impacts, but they are directed toward areas of exceptional need for the poor and the elderly, as well as the rural areas of the Nation where two-thirds of the Nation's poverty is to be found. The amendment would provide an additional $50 million to employ 15,000 older workers in community service, $50 million to expand nutrition for the elderly by nearly one-third, $100 million to maintain the current level of Federal grants for rural water and sewer projects, and $100 million for the antipoverty activities of the Community Services Administration, and $700 million to prevent a decline in health care services for the elderly and the poor under medicare and medicaid.

Aside from the obvious benefits of preserving current levels of health care, the core of our amendment addresses the need for Americans to have a job. Approximately 10,000 jobs are at stake, for example, under the President's and the Budget Committee's recommended cut in the budget for the Community Services Administration; employees of local community action agencies would be reduced by upwards to 10 percent if the budget reduction is adopted. Another 2,500 jobs are at stake in the proposed reduction in rural water and sewer grants, which we intend to restore with our amendment. Some 15,000 elderly Americans would have work under our proposal to increase funds for title IX of the Older Americans Act, and several thousand persons would find employment serving meals to older Americans if that program were expanded as we propose.

The amendment includes a total of $3.2 billion in outlays for fiscal 1977, but the net cost would be substantially less.

We estimate that approximately $700 million would be saved by providing the unemployed with a job, rather than unemployment compensation, food stamps, and public assistance. Moreover, the public service wages to be paid would provide an economic stimulus and an expanded tax base that would result in an estimated $700 million in additional Federal tax revenues.

The net cost of our amendment, therefore, is estimated at $1.8 billion which I regard as a modest investment in accelerating the economic recovery and, more important, alleviating the human misery and deprivation of unemployment for 600,000 Americans and their families.

Mr. President, I share the concern of many of my colleagues about increasing the Federal deficit by $1.8 billion, but I would point out that such an increase is not necessary, if the Senate accepts a more reasonable level of spending for national defense. The Budget Committee has recommended an increase in outlays in fiscal 1977 of $8 billion for military purposes over and above what will be spent in the current fiscal year.

If this Nation were faced with a significant challenge to its power to insure peace, such an increase in defense spending could be justified. However, President Ford himself has assured us that, as he put it on April 2 of this year:

> The United States is unsurpassed by any other nation as far as military capability is concerned.

I share the President's view of the Nation's military capability, and I am therefore disappointed with the Budget Committee's recommendation for exceptionally fast growth in defense spending, particularly since it is at the expense of urgent domestic needs in troubled economic circumstances.

Mr. President, the defense budget grew last year from a level of $91 billion in budget authority in fiscal 1975 to a figure of $100.6 billion in fiscal 1976—a 9.4-percent increase at a time when inflation rose only slightly more than 7 percent. An increase to $113 billion in fiscal 1977, as recommended by the Budget Committee, lacks necessity in terms of our commitments around the world. Therefore, I earnestly hope that a small part of the expanded defense budget envisioned by the Budget Committee will be spent instead as we have suggested in the Kennedy-Williams-Randolph - Javits - Cranston - Bayh amendment.

Mr. BAYH. Mr. President, I am proud to be a member of the group of bipartisan Senators including Senators KENNEDY, RANDOLPH, WILLIAMS, JAVITS, and CRANSTON sponsoring the pending amendment. This amendment would propose a reasonable increase in the budget resolution in a number of vital areas such as jobs, health, aging programs, and rural and urban development. These increases will bring the budget resolution more in line with current policy and needs of a majority of our Nation's unemployed and elderly.

The level of outlays proposed in the budget resolution for these programs represents a $11.6 billion decrease from current expenditures. The amendment we are offering today would increase the outlays by $3.2 billion. The economics of our amendment are simple and compelling—unless this Government is willing to make significant efforts to reduce the unemployment rate of this Nation by the creation of public service jobs, we are never going to achieve complete economic recovery. Most of us are aware that for every percent of unemployment above 4 percent—it costs this Nation $16 billion in lost revenues, unemployment compensation, and welfare payments. The amendment we are offering today would provide for an additional 300,000 public service jobs—a figure approximately the same as the level approved by the House Budget Committee. The 300,000 jobs would help offset the increase in outlays by at least $700 million in savings from food stamps, unemployment compensation, and welfare programs. In addition, it is estimated that an increase of at least $700 million could be expected from tax revenues as a direct result of the additional jobs.

Other increases in fiscal outlays proposed by the pending amendemnt in-

clude a $700 million increase in medicare-medicaid payments, an increase of $50 millioin for part-time work for low-income older workers, a $100 million adjustment in the rural water and sewer grant program so that at least the current level of services can be maintained, and a $100 increase in the level of rural and urban programs of the Community Services Administration to prevent a nearly one-third reduction from last year's funding.

Mr. President, I believe that the economic well-being and health needs of this Nation are just as vital to its survival as the amount of money we are spending on defense. The amendment before us today would assure that those programs so essential in providing jobs for the unemployed, in assuring adequate nutrition and health care for this Nation's poor and elderly citizens, and in maintaining urgent rural and urban community needs, will not be tossed aside in a shortsighted effort to cut the Federal budget.

I sincerely hope the full Senate will approve this necessary amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the distinguished Senator from Indiana (Mr. BAYH), Amendment No. 1588. The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from South Dakota (Mr. ABOUREZK), the Senator from Idaho (Mr. CHURCH), the Senator from Alaska (Mr. GRAVEL), the Senator from Indiana (Mr. HARTKE), the Senator from Hawaii (Mr. INOUYE), the Senator from Arkansas (Mr. MCCLELLAN), the Senator from Wyoming (Mr. MCGEE), and the Senator from California (Mr. TUNNEY) are necessarily absent.

I further announce that the Senator from Missouri (Mr. EAGLETON) and the Senator from North Carolina (Mr. MORGAN) are absent on official business.

I also announce that the Senator from Kentucky (Mr. FORD) is absent because of death in the family.

I further announce that, if present and voting, the Senator from North Carolina (Mr. MORGAN) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Hawaii (Mr. FONG), the Senator from Maryland (Mr. MATHIAS), and the Senator from Alaska (Mr. STEVENS) are necessarily absent.

I further announce that the Senator from Idaho (Mr. MCCLURE) is absent due to death in the family.

On this vote, the Senator from Maryland (Mr. MATHIAS) is paired with the Senator from Idaho (Mr. MCCLURE). If present and voting, the Senator from Maryland would vote "yea" and the Senator from Idaho would vote "nay."

The result was announced—yeas 39, nays 46, as follows:

[Rollcall Vote No. 143 Leg.]

YEAS—39

| | | |
|---|---|---|
| Baker | Clark | Hatfield |
| Bayh | Cranston | Hathaway |
| Brooke | Culver | Hruska |
| Bumpers | Durkin | Huddleston |
| Burdick | Hart, Philip A. | Jackson |
| Case | Haskell | Javits |
| Johnston | Nelson | Ribicoff |
| Kennedy | Packwood | Scott, Hugh |
| Leahy | Pastore | Stafford |
| Long | Pearson | Stevenson |
| Magnuson | Pell | Stone |
| McGovern | Percy | Taft |
| Metcalf | Randolph | Williams |

NAYS—46

| | | |
|---|---|---|
| Allen | Eastland | Moss |
| Bartlett | Fannin | Muskie |
| Beall | Garn | Nunn |
| Bellmon | Glenn | Proxmire |
| Bentsen | Goldwater | Roth |
| Biden | Griffin | Schweiker |
| Brock | Hansen | Scott, William L. |
| Buckley | Hart, Gary | Sparkman |
| Byrd, Harry F., Jr. | Helms | Stennis |
| Byrd, Robert C. | Hollings | Symington |
| Cannon | Humphrey | Talmadge |
| Chiles | Laxalt | Thurmond |
| Curtis | Mansfield | Tower |
| Dole | McIntyre | Weicker |
| Domenici | Mondale | Young |
| | Montoya | |

NOT VOTING—15

| | | |
|---|---|---|
| Abourezk | Gravel | McClure |
| Church | Hartke | McGee |
| Eagleton | Inouye | Morgan |
| Fong | Mathias | Stevens |
| Ford | McClellan | Tunney |

So Mr. BAYH's amendment (No. 1588) was rejected.

THE PRESIDING OFFICER. The Chair reminds Senators that all votes hereafter will be 10-minute votes.

The question is on the amendment of the Senator from New York (Mr. BUCKLEY). The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

The PRESIDING OFFICER. The clerk will suspend.

The Senate will be in order.

The clerk may proceed.

The assistant legislative clerk resumed the call of the roll.

The PRESIDING OFFICER. The Senate will be in order. The clerk is having difficulty hearing responses of Senators. Senators will take their seats. We shall have a modicum of order.

The clerk may proceed.

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

Mr. ROBERT C. BYRD. I announce that the Senator from South Dakota (Mr. ABOUREZK), the Senator from Idaho (Mr. CHURCH), the Senator from Alaska (Mr. GRAVEL), the Senator from Indiana (Mr. HARTKE), the Senator from Hawaii (Mr. INOUYE), the Senator from Arkansas (Mr. MCCLELLAN), the Senator from Wyoming (Mr. MCGEE), and the Senator from California (Mr. TUNNEY) are necessarily absent.

I further announce that the Senator from Missouri (Mr. EAGLETON) and the Senator from North Carolina (Mr. MORGAN), are absent on official business.

I also announce that the Senator from Kentucky (Mr. FORD) is absent because of death in the family.

I further announce that, if present and voting, the Senator from North Carolina (Mr. MORGAN) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Hawaii (Mr. FONG), the Senator from Maryland (Mr. MATHIAS), and the Senator from Alaska (Mr. STEVENS) are necessarily absent.

I further announce that the Senator from Idaho (Mr. MCCLURE) is absent due to a death in the family.

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

The result was announced—yeas 23, nays 62, as follows:

[Rollcall Vote No. 144 Leg.]

YEAS—23

| | | |
|---|---|---|
| Allen | Eastland | Packwood |
| Bartlett | Fannin | Proxmire |
| Bentsen | Garn | Roth |
| Brock | Griffin | Scott, William L. |
| Buckley | Hansen | Sparkman |
| Byrd, Harry F., Jr. | Helms | Thurmond |
| Chiles | Hruska | |
| Curtis | Laxalt | |
| | Nunn | |

NAYS—62

| | | |
|---|---|---|
| Baker | Haskell | Nelson |
| Bayh | Hatfield | Pastore |
| Beall | Hathaway | Pearson |
| Bellmon | Hollings | Pell |
| Biden | Huddleston | Percy |
| Brooke | Humphrey | Randolph |
| Bumpers | Jackson | Ribicoff |
| Burdick | Javits | Schweiker |
| Byrd, Robert C. | Johnston | Scott, Hugh |
| Cannon | Kennedy | Stafford |
| Case | Leahy | Stennis |
| Clark | Long | Stevenson |
| Cranston | Magnuson | Stone |
| Culver | Mansfield | Symington |
| Dole | McGovern | Taft |
| Domenici | McIntyre | Talmadge |
| Durkin | Metcalf | Tower |
| Glenn | Mondale | Weicker |
| Goldwater | Montoya | Williams |
| Hart, Gary | Moss | Young |
| Hart, Philip A. | Muskie | |

NOT VOTING—15

| | | |
|---|---|---|
| Abourezk | Gravel | McClure |
| Church | Hartke | McGee |
| Eagleton | Inouye | Morgan |
| Fong | Mathias | Stevens |
| Ford | McClellan | Tunney |

So Mr. BUCKLEY's amendment was rejected.

The PRESIDING OFFICER (Mr. BUMPERS). The question now is on agreeing to the second amendment of the Senator from Indiana (Mr. BAYH).

The Chair reminds Senators that the time for rollcall votes will be 10 minutes each, by unanimous consent.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from South Dakota (Mr. ABOUREZK), the Senator from Idaho (Mr. CHURCH), the Senator from Alaska (Mr. GRAVEL), the Senator from Indiana (Mr. HARTKE), the Senator from Hawaii (Mr. INOUYE), the Senator from Arkansas (Mr. MCCLELLAN), the Senator from Wyoming (Mr. MCGEE), and the Senator from California (Mr. TUNNEY) are necessarily absent.

I further announce that the Senator from Missouri (Mr. EAGLETON) and the Senator from North Carolina (Mr. MORGAN) are absent on official business.

I also announce that the Senator from Kentucky (Mr. FORD) are absent because of death in the family.

I further announce that if present and voting, the Senator from North Carolina (Mr. MORGAN) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Hawaii (Mr. FONG), the Senator from Maryland (Mr. MATHIAS), and the Senator from Alaska (Mr. STEVENS) are necessarily absent.

I further announce that the Senator

from Idaho (Mr. McCLURE) is absent due to death in the family.

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

The result was announced—yeas 27, nays 58, as follows:

[Rollcall Vote No. 145 Leg.]

YEAS—27

| | | |
|---|---|---|
| Bayh | Hart, Philip A. | Mondale |
| Biden | Haskell | Nelson |
| Burdick | Hatfield | Pell |
| Case | Hathaway | Proxmire |
| Clark | Javits | Randolph |
| Cranston | Kennedy | Schweiker |
| Culver | Leahy | Stevenson |
| Durkin | McGovern | Weicker |
| Hart, Gary | Metcalf | Williams |

NAYS—58

| | | |
|---|---|---|
| Allen | Garn | Nunn |
| Baker | Glenn | Packwood |
| Bartlett | Goldwater | Pastore |
| Beall | Griffin | Pearson |
| Bellmon | Hansen | Percy |
| Bentsen | Helms | Ribicoff |
| Brock | Hollings | Roth |
| Brooke | Hruska | Scott, Hugh |
| Buckley | Huddleston | Scott, William L. |
| Bumpers | Humphrey | Sparkman |
| Byrd, Harry F., Jr. | Jackson | Stafford |
| Byrd, Robert C. | Johnston | Stennis |
| Cannon | Laxalt | Stone |
| Chiles | Long | Symington |
| Curtis | Magnuson | Taft |
| Dole | Mansfield | Talmadge |
| Domenici | McIntyre | Thurmond |
| Eastland | Montoya | Tower |
| Fannin | Moss | Young |
| | Muskie | |

NOT VOTING—15

| | | |
|---|---|---|
| Abourezk | Gravel | McClure |
| Church | Hartke | McGee |
| Eagleton | Inouye | Morgan |
| Fong | Mathias | Stevens |
| Ford | McClellan | Tunney |

So Mr. BAYH's amendment (No. 1592) was rejected.

The PRESIDING OFFICER. The question now recurs on the amendment of the Senator from Kentucky (Mr. HUDDLESTON) as modified. The roll call will be 10 minutes long. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from South Dakota (Mr. ABOUREZK), the Senator from Idaho (Mr. CHURCH), the Senator from Alaska (Mr. GRAVEL), the Senator from Indiana (Mr. HARTKE), the Senator Hawaii (Mr. INOUYE), the Senator from Arkansas (Mr. McCLELLAN), the Senator from Wyoming (Mr. McGEE), and the Senator from California (Mr. TUNNEY) are necessarily absent.

I further announce that the Senator from North Carolina (Mr. MORGAN) and the Senator from Missouri (Mr. EAGLETON) are absent on official business.

I also announce that the Senator from Kentucky (Mr. FORD) is absent because of death in the family.

I further announce that, if present and voting, the Senator from North Carolina (Mr. MORGAN) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Hawaii (Mr. FONG), the Senator from Maryland (Mr. MATHIAS), and the Senator from Alaska (Mr. STEVENS) are necessarily absent.

I further announce that the Senator from Idaho (Mr. McCLURE) is absent due to a death in the family.

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

The result was announced—yeas 30, nays 55, as follows:

[Rollcall Vote No. 146 Leg.]

YEAS—30

| | | |
|---|---|---|
| Allen | Humphrey | Montoya |
| Bayh | Jackson | Nelson |
| Burdick | Johnston | Packwood |
| Chiles | Laxalt | Randolph |
| Clark | Leahy | Sparkman |
| Culver | Long | Stafford |
| Durkin | Magnuson | Stone |
| Hatfield | McGovern | Symington |
| Hathaway | Metcalf | Taft |
| Huddleston | Mondale | Talmadge |

NAYS—55

| | | |
|---|---|---|
| Baker | Eastland | Nunn |
| Bartlett | Fannin | Pastore |
| Beall | Garn | Pearson |
| Bellmon | Glenn | Pell |
| Bentsen | Goldwater | Percy |
| Biden | Griffin | Proxmire |
| Brock | Hansen | Ribicoff |
| Brooke | Hart, Gary | Roth |
| Buckley | Hart, Philip A. | Schweiker |
| Bumpers | Haskell | Scott, Hugh |
| Byrd, Harry F., Jr. | Helms | Scott, William L. |
| Byrd, Robert C. | Hollings | Stennis |
| Cannon | Hruska | Stevenson |
| Case | Javits | Thurmond |
| Cranston | Kennedy | Tower |
| Curtis | Mansfield | Weicker |
| Dole | McIntyre | Williams |
| Domenici | Moss | Young |
| | Muskie | |

NOT VOTING—15

| | | |
|---|---|---|
| Abourezk | Gravel | McClure |
| Church | Hartke | McGee |
| Eagleton | Inouye | Morgan |
| Fong | Mathias | Stevens |
| Ford | McClellan | Tunney |

So Mr. HUDDLESTON's amendment (as modified) was rejected.

Mr. KENNEDY. Mr. President, I would like to ask for the yeas and nays on my amendment.

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

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Massachusetts. The yeas and nays have been ordered, and the clerk will call the roll. The rollcall will be 10 minutes.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from South Dakota (Mr. ABOUREZK), the Senator from Idaho (Mr. CHURCH), the Senator from Alaska (Mr. GRAVEL), the Senator from Indiana (Mr. HARTKE), the Senator from Hawaii (Mr. INOUYE), the Senator from Arkansas (Mr. McCLELLAN), the Senator from Wyoming (Mr. McGEE), and the Senator from California (Mr. TUNNEY) are necessarily absent.

I further announce that the Senator from Missouri (Mr. EAGLETON) and the Senator from North Carolina (Mr. MORGAN) are absent on official business.

I also announce that the Senator from Kentucky (Mr. FORD) is absent because of death in the family.

I further announce that, if present and voting, the Senator from North Carolina (Mr. MORGAN) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Hawaii (Mr. FONG), the Senator from Maryland (Mr. MATHIAS), and the Senator from Alaska (Mr. STEVENS) are necessarily absent.

I further announce that the Senator from Idaho (Mr. McCLURE) is absent due to death in the family.

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

The result was announced—yeas 27, nays 58, as follows:

[Rollcall Vote No. 147 Leg.]

YEAS—27

| | | |
|---|---|---|
| Bayh | Haskell | Mondale |
| Biden | Hatfield | Nelson |
| Brooke | Hathaway | Pastore |
| Case | Humphrey | Pell |
| Clark | Jackson | Randolph |
| Cranston | Javits | Ribicoff |
| Culver | Kennedy | Stafford |
| Durkin | McGovern | Weicker |
| Hart, Philip A. | Metcalf | Williams |

NAYS—58

| | | |
|---|---|---|
| Allen | Garn | Nunn |
| Baker | Glenn | Packwood |
| Bartlett | Goldwater | Pearson |
| Beall | Griffin | Percy |
| Bellmon | Hansen | Proxmire |
| Bentsen | Hart, Gary | Roth |
| Brock | Helms | Schweiker |
| Buckley | Hollings | Scott, Hugh |
| Bumpers | Hruska | Scott, William L. |
| Burdick | Huddleston | Sparkman |
| Byrd, Harry F., Jr. | Johnston | Stennis |
| Byrd, Robert C. | Laxalt | Stevenson |
| Cannon | Leahy | Stone |
| Chiles | Long | Symington |
| Curtis | Magnuson | Taft |
| Dole | Mansfield | Talmadge |
| Domenici | McIntyre | Thurmond |
| Eastland | Montoya | Tower |
| Fannin | Moss | Young |
| | Muskie | |

NOT VOTING—15

| | | |
|---|---|---|
| Abourezk | Gravel | McClure |
| Church | Hartke | McGee |
| Eagleton | Inouye | Morgan |
| Fong | Mathias | Stevens |
| Ford | McClellan | Tunney |

So Mr. KENNEDY's amendment was rejected.

(The following colloquy occurred earlier in the proceeding and is printed at this point in the RECORD by unanimous consent.)

Mr. JAVITS. I ask the following of the distinguished manager of the bill:

At page 50, with relation to item No. 450, a statement is made respecting State housing finance agencies. The statement would imply an exclusion of anything that might be done under section 802 of the Housing Act for such agencies. I understand the committee does not intend that implication. It simply is not providing for it in the budget resolution. But if within the overall provision for community and regional development the appropriate committees may desire to authorize and appropriate additional money for State housing finance agency guarantees and interest subsidies, that would remain permissible within the view of the Budget Committee. Is that correct?

Mr. MUSKIE. That is correct, may I say to my good friend from New York. The Budget Committee is not a line item committee and although it addresses itself to the particulars of budget functions in order to develop an overall judgment, it does not specify line items. The mandate of the budget resolution does not nail down line items.

Mr. JAVITS. The other question, Mr. President, relates to page 69, function

No. 600, as to income security. There, a very large cut of $21 billion has been made in section 8 assisted housing programs, the reason being that the administration and the committee feel that we should not deal with new construction or rehabilitated housing, but should afford the subsidies to those who occupy existing housing. But it is well recognized that all of us may have a very different view if new construction and rehabilitation under section 8 assisted housing turns out to be what is necessary as I believe it still is and the Congress acts to provide for those purposes. Therefore, we ought to keep the matter under consideration until the second budget resolution and not conclude it here.

Do I understand the chairman of the Budget Committee agrees with that and feels that that can be settled as a committee purpose?

Mr. MUSKIE. That is correct. The Budget Committee did not approve or reject the concept to which the Senator refers. So if the Banking, Housing and Urban Affairs Committee should make that recommendation to the Senate, I think that is a decision which the Senate could take under advisement and especially consider it in connection with the second concurrent resolution.

Mr. JAVITS. I thank my colleague very much. I am very grateful to my colleague.

(This concludes the printing at this point in the RECORD of the foregoing colloquy which occurred earlier today.)

PROPOSED BUDGET WILL NOT SUPPORT A STRONG ECONOMIC RECOVERY

Mr. HUMPHREY. Mr. President, just before the vote on the budget resolution, I would like to have a few minutes to make certain observations and ask a number of questions. My questions and observations pertain to the overall economic impact of the proposed budget. I feel it is essential that we have a clear understanding of the economic impact of the budget as a whole.

I must say that I am deeply disappointed that the Budget Committee has chosen such modest targets for the economy in 1977. The Budget Committee estimates that the fiscal policy it recommends, if accompanied by an adequately expansive monetary policy, will produce real output growth of approximately 6 percent next year. They further estimate that this would mean an average unemployment rate next year of 6.7 percent and an unemployment rate still at 6.4 percent at the end of next year. The 6.7 percent average unemployment rate estimated by the Budget Committee is quite close to the 6.9 percent which the administration has estimated would result from adoption of the President's budget. The difference is so small as to fall well within the range of estimating error.

Earlier this year, when the Joint Economic Committee considered this same question of economic objectives, they concluded that a faster recovery and a more rapid reduction in unemployment were both possible and desirable. We recommended an output growth rate of 7 percent throughout this year and next and a reduction in the unemployment rate to no more than 6 percent by the end of next year. We stressed that these should be made explicit and paramount objectives of national policy. We so advised the Budget Committees of both the House and the Senate, as is required of us under the Congressional Budget Act.

I note on page 3 of the report of the Senate Budget Committee that they received similar advice from several distinguished private experts. Dr. Paul McCracken recommended a 6 to 7 percent growth rate. Charles Schultze of the Brookings Institution recommended 7 percent. Walter Heller recommended 7 to 8 percent.

I simply ask why the Budget Committee felt it was unable to accept the advice it was given? Why should the country be asked to tolerate a growth rate of less than 7 percent and an unemployment rate still close to 6½ percent at the end of next year?

BUDGET RECEIPTS

The budget resolution contains some very good decisions on the receipt side of the budget. It provides for the continuation of the tax cuts now in effect. Certainly that is essential. It rejects the President's recommendation for an increase in the social security tax rate. That, too, is a wise decision, because increasing social security taxes would have an undesirable restrictive effect on the economy and would also create inflationary pressures by directly increasing the costs of employment. However, it may well be—if outlays are held to the level contemplated in this budget resolution—that an additional tax cut will be needed in 1977 in order to sustain a strong economic recovery.

I do not say that this is a certainty. We do not know at this point how strongly the recovery in the private economy will proceed. The Joint Economic Committee has recommended as follows:

> Should output growth appear to be dropping below the 7 percent rate needed to bring unemployment down appreciably, an additional tax cut should be enacted for 1977.

We have expressed our intention to further advise the Budget Committees and the Congress as a whole on this matter prior to the second concurrent resolution on the budget next fall. I would urge my colleagues to recognize at this time the need for possible additional actions to support economic recovery and to be prepared to take these actions, if they are needed.

At this time I would like to ask the distinguished Senator from Maine what consideration the Budget Committee gave to a larger tax cut as a means of producing more rapid growth of output and employment?

Suppose we find as the summer progresses that the recovery is not proceeding quite as fast as we would like. I would urge that the Budget Committee be receptive to the idea of proposing an additional tax cut as part of the second concurrent resolution next September. Let me put it more concretely: If real output growth appears to be dropping below 7 percent as this year progresses, I ask the Budget Committee to discuss—and hear testimony on—the possible need for a further tax cut as part of their consideration of the second resolution.

PUBLIC JOBS AND PUBLIC WORKS

Now I would like to turn to two specific program areas in the budget: Public service employment and public works. Several of my colleagues have discussed these at some length. I will be brief. I do wish to point out, however, that the Budget Committee did not accept the recommendation of the Joint Economic Committee and of the Labor and Public Welfare Committee that the public jobs program should be expanded to provide about 1 million jobs. Nor does the budget resolution contain any provision for funding of an emergency public works program. It does contain, I am pleased to note, provision for the countercyclical grants to State and local governments for which Senator MUSKIE and I have now struggled long and hard.

Programs to provide temporary employment opportunities to those thrown out of work by the recent recession are a vital part of an economic recovery strategy. In recommending an interim objective of reducing the unemployment rate to 6 percent by the end of next year, the Joint Economic Committee concluded that this was not likely to be accomplished through overall fiscal and monetary policy alone. These overall policies to support strong recovery in the private economy are fundamental, but in order to bring unemployment down quickly, they should be supplemented with temporary programs to provide jobs directly.

In mid-March 5.8 million persons were drawing unemployment compensation benefits. Close to 2 million of these had been receiving benefits for 6 months or more. Hundreds of thousands of others had exhausted their unemployment compensation benefits but were unable to find employment.

To refuse to provide funds to take these persons off of unemployment compensation and provide them with temporary work opportunities is obviously a false economy. In the first place, much of what we do not spend to provide jobs we will spend anyway on unemployment compensation, food stamps, and general welfare payments. In the second place, we will lose the tax receipts which these persons would pay if they were working. Of more fundamental importance, we will lose the output which could be produced if these people were at work, the skills which could be learned, and the dignity and self-respect to which these individuals are entitled.

Both the Joint Economic Committee and the Labor and Public Welfare Committee have offered proposals in some detail for the improvement as well as the expansion of the public jobs program. We have a handle on the program reforms which would make possible the efficient and successful expansion of this program. Legislation has passed the House and is pending in the Senate.

Why has the Budget Committee failed to accept the recommendation of the Labor and Public Welfare Committee

that the public jobs program be expanded? And why is there no provision for funding emergency public works? What economic benefit did the Budget Committee conclude was to be gained by keeping people on unemployment compensation rather than providing them with the opportunity to work? There questions remain unanswered.

SUMMARY

The budget debate in which we are presently engaging is a new experience for us. Precedents will be set by the way we approach this task this year. I urge that we set the right precedents.

First among these precedents should be a concern for the overall health of our economy. The first question to ask about the budget is: What impact will it have on output, prices and employment? If we find that it will not have the impact which we desire, then the budget should be amended as necessary.

As I have indicated already, I do not believe that the budget recommended by the Budget Committee will do all that it should to support economic recovery. The output and employment targets established by the committee are too modest. We have the opportunity, both through amendment on the floor at this time and through revision in the second concurrent resolution next fall, to create a budget which will meet more adequate economic objectives.

A number of Senators have offered specific amendments to the budget resolution. In debating these amendments we must, of course, consider the substantive merits of the particular programs involved. But we must also ask the following very important question of each amendment: Would this change have the effect on the total budget of making the budget a more adequate instrument of economic recovery?

The eyes of the Nation—and for that matter the world—are on the Congress as it struggles with the intricacies of this new budget process. Each of us has felt the sting of accusations that the Congress is irresponsible, disorganized, ill-informed, incapable of managing the public business. We have the opportunity to demonstrate the inaccuracy of those accusations. To do so, we must demonstrate that we are indeed capable of looking at the budget as a whole, of understanding its impact on the economy, and of creating a budget policy which steadily moves us back to prosperity and full employment. Let us keep that opportunity and that purpose in mind as we debate this budget resolution.

Mr. BARTLETT. Mr. President, this year the Senate Budget Committee has developed a comprehensive and workable document under the Budget Reform Act. I commend Senator BELLMON, the ranking minority member, and a coalition of other Senators, for their leadership in fighting against increased spending. I know that Senate Concurrent Resolution 109 represents a great deal of hard work on a very difficult task.

However, I believe the deficit provided for in this resolution, $50.2 billion, is still unacceptable. A significant reduction in the level of debt could have been accomplished through Senator BUCKLEY's amendment, which I cosponsored, setting the deficit at $43.4 billion, which is still too high.

I believe it is incumbent upon all the committees of the Senate to provide the Budget Committee with spending limits which are more in line with total Federal revenues. Not until all Members of the Senate take an active interest in budget reduction and fiscal stability will the Budget Committee be able to produce a resolution containing budget outlays which are in balance with revenues.

Unfortunately this is not likely to occur until the business of Government is guided by the business principles of sound management and fiscal integrity as demonstrated by the private sector. Such guidance could be easily provided through the assistance of business professionals retained to analyze and critically review the operation of the Federal Government. This proposal—the creation of little Hoover Commissions—legislation I will soon introduce.

Mr. ROTH. Mr. President, the Senate is today considering the adoption of the first budget resolution for fiscal 1977 to set total Government spending levels at $412.6 billion, producing a budget deficit of $50.2 billion. I intend to vote against the budget resolution because by failing to impose the tough discipline needed to reduce spending levels, it will prevent the Finance Committee from enacting additional income tax reductions. The decision facing the Senate today is a decision between more Government spending or lower taxes. By increasing Federal spending levels by $17 billion over the President's budget, the Budget Committee is rejecting the additional tax reductions that could have gone into effect July 1, 1976. The Budget Committee is making a fundamental decision which I reject, a decision that the Federal Government is more able than the American people to make the spending decisions.

We have to face the facts and realize that the endless Government deficit spending will not cure society's problems. We have had budget deficits for 18 out of the last 20 years and the result has been high inflation and high levels of unemployment.

This $50.2 billion budget deficit will not create jobs, it will only result in a loss of jobs. The huge budget deficits are a drain on the economy, pulling resources out of the economy and causing higher taxes, higher prices and higher levels of unemployment. The issue before the Senate today is clear, either lower taxes or higher Government spending. A vote in favor of the budget resolution is a vote for more Federal spending, and I urge my colleagues to vote against the resolution.

As one who was instrumental in drafting the budget reform legislation, I also believe that it is now apparent that tougher steps are necessary to control Federal spending. The budget reforms that we enacted did establish a procedure to set spending ceilings and to require all committees to remain within these ceilings during the appropriation process. But the ceiling we are voting on today is a rubbery ceiling which will undoubtedly be increased as spending is increased.

We only have to look at last year's ceiling, which was increased by $8 billion, to see that the ceiling we are voting on today will be increased to reflect more spending.

In addition, the budget reforms create no process to serve as a check on the total growth of the size of the budget or to evaluate and eliminate duplicative or inefficient programs. Therefore, I am hopeful that Congress will supplement the budget control law with legislation I have introduced with Senator MUSKIE to provide a complete review of each Government spending program every fourth year. This legislation would end the unspoken rule, a rule that is all too apparent in this budget resolution, that money spent on a program last year must be increased in this year's budget. Congress will never be able to check the growth of Federal spending until a zerobased budget review process, a process providing that no spending be automatically renewed until it is shown to be worthwhile, is implemented.

Mr. MANSFIELD. Mr. President, I would like to ask the chairman of the Budget Committee a question with respect to proposed legislation compensating victims of crime. The Senate, during the 93d Congress, passed on four different occasions legislation compensating victims of crime; each time it was by an overwhelming margin. Unfortunately, the proposals did not reach the House floor during the 93d Congress in time for enactment. I believe the House will report this week its version of this legislation, H.R. 13157, and, hopefully, it will be considered by the House within a month.

It is my understanding that the House measure is consistent with the bills which have passed the Senate heretofore and which are part of the Senate proposals presently in the Judiciary Committee.

Under the new Budget Act I want to be assured by the chairman of the Budget Committee that the consideration of the victims of crime compensation legislation is contemplated in the concurrent resolution being considered and that if the House measure passes prior to May 15, the Senate will be able to stop the bill at the desk, put it on the Senate calendar and pass that measure subsequent to May 15 without being disqualified under the new provisions of the Budget Act.

Mr. MUSKIE. As we have described the situation today, function 750, the law enforcement and justice function into which the distinguished majority leader's bill would find its funding, is tight. But we believe it is possible to accommodate the Senator's bill within the target the Budget Committee has reported.

With regard to the May 15 deadline for reporting authorizing legislation, I must note that the Budget Act requires a bill to be reported in the Senate or enacted by the Senate prior to May 15 to be in order. This provision is in aid of a timely appropriations process. However the

Budget Act also provides a method by which the Budget Committee may grant a waiver against the point of order which would otherwise lie against a bill passed by the House but not reported in the Senate or passed by it before May 15.

So it is possible for the House bill to be held at the desk even if it has not been reported here prior to May 15. If the bill is then passed before May 15, no point of order would be against it. After May 15, a waiver would be in order.

Mr. PACKWOOD. Mr. President, I cannot support this resolution. Although I can commend the process wholeheartedly, it is with reluctance that I cannot support the result. We are agreeing to a budget of about $413 billion. Unfortunately, big government costs big money. The President's request was on the same magnitude, setting spending levels at $395 billion, or about $18 billion less than the Senate resolution budget. But $18 billion is a lot of money; too much money. I fully believe that Congress is going to spend this money anyway, but I want to reiterate my disapproval. If we can limit ourselves to this amount, the budget process will have succeeded. I say "limit" because in the past, Congress spent without regard to totals. Congress passed bill after bill and the budget, such as it was, was formulated retroactively. We only knew how much our budget was after we spent it. If we can arrange our spending priorities in advance, and agree on certain total amounts, we will do a major service for the country.

I supported the Buckley amendment to cut $6.8 billion from spending. That amendment, if it had passed, would have brought Senate resolution much closer to the administration's request, and made the Senate budget resolution much more acceptable.

I voted against the Bayh amendment to cut defense spending. I was pleased that this amendment was defeated. Ample evidence demonstrates that our real defense capabilities have fallen off in recent years. There remains the unanswered question of whether or not we are now No. 2. Without debating this issue, it is clear that we have lost ground in the area of defense; we have not fully replaced the reserve stocks depleted during the Vietnam war. We have not developed our naval potential; many ships in mothball have not been replaced. We have not made a commitment to long-term projects, projects which cannot be completed overnight. And, our transition to All Volunteer Forces is still in progress. It is important to reshape our defense capabilities, and we must begin now.

Laying aside particulars, I want to bring to my colleagues attention what these levels in this budget resolution represent. Spending levels of $413 billion means $34.4 billion per month, $7.9 billion per week, and over $1 billion per day. Even more shocking, these spending levels are equivalent to $47 million per hour, $783,000 per minute, and $13,000 per second. In other words, in the time it has taken me to read these figures, our Government will have spent over one-half million dollars. Next year, we are going to spend almost $2,000 for every man, woman, and child in the United States, much of it on programs they do not want, do not need, or do not even know of.

Mr. President, this amount of money would have been unheard of even a few years ago. What frightens me is that unless we can set clear priorities and consciously limit our spending, we are going to reach the day when we say, "$413 billion—is that all?" Ultimately, we must remember that increased Federal spending means an increase in the Federal Government sector, at the expense of the private sector. This is an increase we can ill afford.

Mr. DOLE. Mr. President, last week the Senate approved a food stamp reform bill.

During the discussion of that bill there was extensive reference to how that bill fit into or compared with function 600 of the budget resolution which had then only been reported.

It is essential to make entirely clear the relationship between these two measures.

I would like to verify this understanding with the distinguished chairman of the Budget Committee.

A vote was taken during the Budget Committee's discussion of the budget resolution. This is perhaps unfortunate because it will be misunderstood.

The vote is in no way binding. It did not set a target amount of savings from food stamp reform. The Budget Committee does not line item, neither does the budget resolution.

That vote was conducted merely to clarify among committee members what was thought to be a possible level of savings from food stamp reform at that time. It was used to guide members in stating a target level of savings for all programs in function 600.

I would note, to emphasize the unimportance of the outcome of that vote, that motions to contemplate lesser savings—in line with the actual bill passed—did not carry due to a tie vote, 7 to 7. Had the two absent members been voting, I am informed that the lower figure would have held.

The report accompanying the committee's recommendations makes no specific recommendation with regard to food-stamp-reform legislation. It states only that legislative savings totaling $0.7 billion in budget authority and $1.1 billion in outlays were assumed in "certain programs, including social security, AFDC, food stamps, public housing, and Federal employee retirement programs."

The shopping list presented in the report—which does not preclude other possibilities—totals $2.2 billion in outlays and $1.4 billion in budget authority.

The food-stamp-reform bill the Senate has approved will save an estimated $200–$300 million from current policy spending. It would take us part way toward realizing the total savings package recommended. That total savings target is still attainable. It will remain to find the additional savings from other Function 600 programs—or to reset our objectives at a later date.

For the reasons just stated, I will not move to amend the budget target in Category 600—income security.

This is consistent with my firm belief that the first budget resolution is a flexible overall guideline, and that it does not require instant adjustment for each specific item of legislation that is approved or disapproved.

If we find that the first budget resolution was too optimistic about attainable budget savings in this area, it will be appropriate to consider this in setting the ceilings in the second budget resolution.

Mr. MUSKIE. I agree with the major points raised by Senator DOLE. The savings assumed in the resolution for income security programs are a target for the function and should not be treated as line-item budget ceilings on a program-by-program basis.

Mr. THURMOND. Mr. President, the Senate now has under consideration the recommendations of the Senate Budget Committee on the level of funding to be approved by the Congress for fiscal year 1977.

ABOUT 17 BUDGET FUNCTIONS

For the first time these recommendations on 17 functional categories are a part of the resolution upon which we shall vote after no more than 50 hours of debate.

DEFICIT INCREASED

It is my understanding the Senate Budget Committee is proposing to raise the President's fiscal year 1977 national budget of $432 billion to $455 billion, an increase of about $23 billion. This proposal will undoubtedly bring about a sizable hike in the already too high national deficit no matter what assumptions one might make. In examining the budget resolution, I wish to commend the Budget Committee for approving a national defense budget authority of $113 billion, although this figure is based on a number of assumptions. I regret the Budget Committee assumed that all the approximately $1.9 billion in legislative proposals would be approved by the Congress. It is my feeling that such will not be the case and I fail to understand how the Budget Committee could reach this conclusion. Further, I would strongly oppose any short-fall of money from these assumptions being recovered by elimination of other requirements authorized by the Armed Services Committee.

SHARP INCREASES IN SOME FUNCTIONS

In examining the budget resolution I note the spending levels have been held fairly close in a number of the functions. However, sharp increases over the President's recommendation constitute a significant policy decision by the Budget Committee. It is important that the full Senate understand these decisions before approving this resolution. One item is the function for national resources and environmental energy. The President requested $9.7 billion and the Budget Committee is recommending $18 billion. I would be interested in having explained to me on the floor the reasons for doubling this category.

Also I note that the category on Education, Training, Employment and Social

Services has been increased $6.4 billion over the President's recommendation in budget authority. Again, I think there should be some discussion of this matter among the Members of the full Senate prior to its approval.

LEGISLATIVE ASSUMPTIONS UNREALISTIC

Mr. President, it is further noted that the committee has assumed revenues in fiscal year 1977 to be greater than that predicted by the President. It would be interesting to know the basis for this assumption. Even if the revenue increases are forthcoming, the committee is recommending an increase in the deficit of about $6 billion in outlays, but if the additional revenues are not forthcoming, the proposed increase in the deficit could be anywhere between $6 and 20 billion.

Mr. President, with these general comments I would like now to turn my attention to the defense function in which as ranking minority member of the Senate Armed Services Committee I bear a particular responsibility.

Again we hear that defense requests are too high, that the growth in procurement is too fast, and a substantial part of the growth in Soviet military might is not aimed at the United States.

AMENDMENTS LIKELY TO REDUCE DEFENSE

Also, it is my understanding some members of the Budget Committee intend to make a floor effort to reduce the defense recommendations of the Senate Budget Committee. This is certainly the right of any Senator, but I hope they will present their proposals promptly in order that these amendments might receive full consideration prior to a vote.

Some still fail to realize that the military forces of the Soviet Union and the continued momentum of their weapons evolution and modernization dictate the size, quality and deployment of most of the U.S. Forces. This Soviet military momentum continues unabated—as measured by technological progress, investment, capacity, and output.

SOVIET MILITARY GROWTH

The Congress may as well face the fact that in the past 15 years the Soviets have constructed the most formidable war machine in the world's history. That is not to say we are unable to protect ourselves, but history teaches us that power acquired is almost always power used.

For the United States to remain the world's principal military power, we must not only manage our defense resources carefully, we must also provide funds for the resources required to assure our national security. This is essential if the United States is to maintain technological leadership, sustain presently planned force levels, improve readiness and accomplish essential modernization. We cannot afford to reduce force levels at a time when the Soviets are making impressive gains in their capabilities. It is this same Soviet momentum which demands that we catch up on essential readiness, and on the delayed and deferred modernization of these constant force levels.

MODEST GROWTH IN DEFENSE

The administration is requesting a modest increase in the operation and maintenance accounts to match up on our ship overhauls and aircraft maintenance. The budget also includes increases of about $800 million in the research, development, test, and evaluation account, and about $6 billion in the procurement major weapons systems accounts. I believe it is necessary to approve most of the requests this year.

Over the last 5 or 6 years, procurement has been delayed in many areas until a new generation of weaponry was ready for full-scale production.

Major items; such as, the F–16, the AEGIS air defense system, the B–1, are ready for production. Other systems like Trident, the F–15, nuclear submarines, and the M–60 tank must continue in production.

STRATEGIC GAINS BY SOVIETS

Soviet strategic military strength continues to grow at a considerable pace. Our primary objective in this area is to maintain an evident balance in modern strategic forces and to encourage force reductions through further negotiation. Until we get such further agreements, we should maintain appropriate strategic offensive force levels with research and modernizing programs lively enough to maintain a technological lead, avoid technological surprise, and encourage further negotiated reductions.

CONVENTIONAL STRENGTH NEEDED

The momentum of the Soviet build-up in conventional military forces also continues. I believe we should increase our Army divisions within roughly constant total manpower levels, flesh out the aircraft in our existing 26 tactical wings, add to the size of our Navy, and increase the capability of our airlift-sealift forces.

We need to do these things now. They cannot all be accomplished in a few years, but the trend must be established and continued for the program necessary to achieve these results. The Defense Department's fiscal year 1977 budget is designed to do this. I cannot support any significant measures to reduce this budget. On the contrary, the Congress should show leadership in adding to the Defense budget any needed funds deleted from the fiscal year 1977 due to fiscal constraints.

Mr. President, I note that the budget recommendation in the defense functional category is predicated on a number of assumptions. As stated earlier, the Budget Committee is recommending $113 billion in budget authority and $109 billion in outlays.

However, this is based on the administrative and legislative economies of $5.4 billion in budget authority and $4.5 billion in outlays proposed by the administration.

Since the President has proposed these economies, there seems little doubt he will accomplish those which can be accomplished through administrative action. However, $1.9 billion of these economies are subject to congressional concurrence or legislative action.

The Senate should be aware that when the Senate Armed Services Committee made its recommendation to the Senate Budget Committee, it assumed none of the $1.9 billion legislative proposals could be counted as approved. At that time, the Congress had not acted on any of these legislative proposals, some had not even reached the Congress for consideration, and a number fell under the jurisdiction of other committees.

Now the Budget Committee in its recommendation in this resolution has assumed that all of these proposals totalling $1.9 billion will be approved by the Congress. Thus, one must assume that those proposals not approved by Congress would lower the ceiling approved by the Budget Committee. In other words, the Budget Committee is saying whatever legislative proposals are not passed, these funds will have to be made up by cuts in military hardware, personnel or other programs which provide real defense capability for our Nation.

It would seem to me that the proper approach on these legislative proposals would be to consider them in the second resolution when we would know a great deal more about the will of the Congress on these proposals.

Briefly, I wish to call to the Senate's attention the major items in the $1.9 billion legislative proposals. They are as follows:

First. The 5-percent pay cap which would save $500 million in the defense function. I shall support this pay cap recommended by the President, but either House of the Congress could nonconcur and this would result in added cuts in the defense function which would have to be made up by cuts in weapons systems.

Second. Sale from the national stockpile of minerals valued at $746 million. This proposal has just recently reached the Congress and it would require a separate speech to lay out my views explaining why it is very doubtful Congress would approve these sales this year.

Third. Elimination of the 1-percent kicker on military retired pay. This has been referred to four committees and has been approved by armed services. However, it may be disapproved by other committees.

Fourth. Legislation to restrict payment for military terminal leave to 60 days. This would save $60 million in fiscal year 1977 and has been approved by the Armed Services Committee.

Fifth. Phase out of the commissary system. This would save $90 million in fiscal year 1977 and has been rejected in the House, but approved, without my support, in the Senate Armed Services Committee.

Sixth. Legislation to eliminate double pay for Federal employees on Reserve duty. This is before the Post Office and Civil Service Committee and our committee which is charged with these savings has no control over this question until it reaches the floor.

Seventh. Legislation to remove the

requirement for 48 pay drills for National Guard units. This would save $10 million the first year, but has already been rejected by our committee.

Mr. President, there are just a few points in support of my position that the Budget Committee should not assume passage of these legislative proposals in the first concurrent resolution. These types of matters should be discussed when the second resolution is considered, as at that time we will be better prepared to make a decision.

Mr. President, another point I wish to bring to the attention of the Senate is a suggestion in the report of the Budget Committee that defense cuts could be achieved by implementing a compulsory contributory retirement system for military personnel. Legislation to affect this change is not before the Congress either in a proposal from the Defense Department or in a bill offered by an individual member, to my knowledge. I take note of this point because it appears the Budget Committee is suggesting to the responsible authorizing committee action on a specific line items. It was my view the Budget Committee was not to get into line item and I would like to have the views of some Budget Committee members on that subject.

Mr. President, before closing I would like to note the Senate Armed Services Committee is presently in markup on its procurement bill. It shall be my intention to study the budget resolution carefully. I have had prepared an amendment to restore the $1.9 billion in the legislative assumptions on the basis that they can be more properly considered during the second resolution.

Hopefully, the Budget Committee members will be able to give me some assistance on these legitimate points raised, reference the legislative assumptions. It is quite possible that such explanations would alleviate the concerns reflected by my amendment.

Mr. PERCY. Mr. President, the Senate Budget Committee, under the distinguished leadership of Senators MUSKIE and BELLMON, as well as the appropriations and authorizing committees, are to be congratulated for their efforts in developing the first concurrent resolution on the budget for fiscal 1977 and for meeting the stringent deadlines set under the Budget Act. This year, with the process fully implemented, many hours of work were necessary to arrive at functional as well as overall spending levels.

I devoted a great deal of personal effort to the development and passage of the Budget Reform Act. I consider it to be the most important reform of Congressional procedures since the Civil War. We intended this process to bring order out of an increasingly apparent fiscal and budgetary chaos. Faced with apparently undisciplined spending, increasing debt, higher taxes, runaway inflation and dwindling purchasing power, Americans had come to the logical conclusion that we were failing in our constitutional duty to manage the national budget.

The Committee on Economic Development summed up our pre-budget reform method of procedure even more poignantly:

> The present congressional approach to fiscal affairs is indefensible. When budget decisions are extended long past the beginning of the fiscal year for which they are intended, when there is no congressional mechanism to tie revenues and appropriations into a coherent pattern, when no legislative procedure exists to initiate actions based on a comprehensive view of the economy, then national stability is endangered.

Three years later, following the adoption of the Budget Reform Act and as we approached Senate floor action on the second concurrent resolution for fiscal 1976, the Washington Post editorialized:

> For the first time in its long history, Congress is having to vote on the budget as a whole, and on the deficit. The result is a profound change in the way the Congress thinks about money. If the 535 unruly and highly individual members can summon up the cohesion and stamina to enforce this machinery—and so far the prospect seems unexpectedly hopeful—the new budget law will accomplish more than any event of this century to bring Congress back into a genuine share of the authority and responsibility for making national economic policy.

We—all 535 of us—met the challenge of the new budget process last year. As we approach the close of debate on the first concurrent resolution for fiscal 1977, there is every indication that we can continue to exert the discipline and make the difficult decisions that are necessary to meet the challenge on a continuing basis.

Overall, I believe the resolution reported by the Budget Committee to be realistic and well matched to our current economic demands. Although the outlay level recommended is $36.2 billion over the fiscal year 1976 level, it is $8.8 billion under what spending would grow to under current policy levels, with no intervening restraints.

The economy today is in better condition than many had predicted as late as last December and January. Radical changes from the current policy level of spending—up or down—would be dangerously unwise at this time. As Senator MUSKIE pointed out during the debate last Friday, the first concurrent resolution is not sacrosanct and the process leaves us sufficient flexibility to make those adjustments that seem prudent during the period prior to the adoption of the second concurrent resolution next September 15. What is important is that we adhere to, and have confidence in, the process we have established. This is vital if Congress is to permanently reclaim it constitutionally mandated power of the purse.

STOCKPILE SALES AS THEY RELATE TO SENATE BUDGET RESOLUTION

Mr. THURMOND. Mr. President, at this time I wish to discuss for a few minutes the assumption by the Senate Budget Committee in the national defense functional category on the sale of materials from our national stockpiles.

President Ford has recommended to the Congress the sale of four materials, which if approved by the Congress, would bring into the General Treasury approximately $746 million.

In arriving at the recommendation for budget authority and outlays in the national defense function, the Budget Committee has fixed the figures on the assumption this legislation will be approved.

Should this legislation not be approved then the Defense outlay ceiling would have to be raised because this income would not be forthcoming as a savings assumed in the defense functional category.

Mr. President, for a moment I would like to discuss what is involved in the stockpile account.

The President is proposing the sale of four materials in certain quantities and sales. These commodities, the quantity, presuming certain income from these and the income are as follows:

First. Silver, 118 million troy ounces, $350 million.

Second. Tin, 28,000 long tons, $250 million.

Three. Industrial diamonds, eight million five hundred thousand carats, $126 million.

Fourth. Antimony, 10,000 short tons, $20 million.

First, it should be stated that the legislation on this proposal has just reached the Senate and to my knowledge has not been introduced on the floor.

Mr. President, next I would like to point out the problems in assuming passage of this particular legislation. There are four reasons why I seriously question that it can be approved this year. These reasons are as follows:

First. The overall stockpile situation, as to policy, is rather confusing. In 1973 and 1974 we received proposals looking toward reducing these stockpiles being held for national defense reasons.

These proposals were based on a Nixon administration decision that the stockpile resources should amount to about 1 year's requirement rather than a requirement in excess of that amount. Earlier, the stockpile objectives were based on 3-year requirements and at one time 5-year requirements. The validity of the Nixon recommendations became very controversial as some felt larger stockpiles should be maintained and others were alarmed over the adverse affects of dumping these large quantities of materials on the market.

Thus, when Congress raised these questions, the National Security Counsel directed a study under the supervision of the General Services Administration, to decide just what our stockpile objectives should be. This study is still underway and I am puzzled by the Ford administration recommendations, but, of course, have not heard their views since hearings have not been held.

Second. Concern has already been expressed to the committee that, for instance, if the amount of silver proposed to be sold is allowed, it would result in placing on the market twice the amount usually available from production and imports. Certainly the silver interests in the country will have some strong views on this matter.

Third. Another point is the fact that Congressman CHARLES BENNETT, chairman of the House Armed Services Committee Stockpile Subcommittee, has offered legislation proposing to establish a stock fund as a holder of receipts from

stockpile sales. He believes that these receipts should be used to purchase other materials which may be required to meet other stockpile objectives rather than allowing the receipts to go into general revenues.

Fourth. My own personal view is that extensive hearings would have to be held by the Senate Armed Services Committee and the appropriate subcommittee before a decision could be made as to how these proposals would impact on our national defense. These materials were accumulated for defense purposes and the Congress certainly has a responsibility in preserving them if our defense requirement so dictates.

In closing, Mr. President, I discuss this matter simply to make the point that when the Budget Committee proposes its recommendations of a ceiling and asks the Senate to concur, the Senate should be aware that assumptions are being made on receipts that will not necessarily be forthcoming. If these receipts are not forthcoming, then the outlay and budget authority requirements for the Defense Department will be higher than it would appear from the figures in this resolution.

Mr. KENNEDY. Mr. President, as I stated in my earlier remarks, I have deepest appreciation for the skill and dedication of the chairman of the Senate Budget Committee and the determination of he and the members of the committee to implement the Budget Reform Act.

I support that process. And I am pleased with many of the decisions taken by the committee in the area of tax expenditures, education, and certain specific health programs.

However, I find myself forced to vote against the broad range of priorities set forth in the budget resolution as it now stands, a range of priorities which permitted a vast $14 billion increase in budget authority for the Department of Defense—at the same time that severe reductions are made in many programs aimed at providing crucial services to the Nation's poor. Of equal concern is there is no increase proposed in direct programs to provide the Nation's 7 million unemployed with jobs. In fact, the resolution assumes an economic growth rate of only 6 percent, which will leave significant numbers jobless at the end of fiscal year 1977.

For these reasons, I find myself forced to vote against the resolution. I am hopeful that the targets setting forth priorities which will ultimately come from the conference committee will move in the desired direction.

Mr. BURDICK. Mr. President, I ask unanimous consent to have remarks prepared by the chairman of the Committee on Post Office and Civil Service (Mr. McGEE) printed in the RECORD at this time.

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

STATEMENT BY SENATOR McGEE

I am somewhat concerned that the action of the Senate's Committee on the Budget in accepting the proposition that Federal civilian and military pay adjustments due in October be limited to 5 percent with a 3 percent minimum could produce an awkward situation in the months ahead.

While the President has withheld his final decision on the need for and nature of salary restraint, the First Concurrent Resolution jumps at the opportunity to accept estimates which are, at this early stage of the annual comparability process, totally tentative and even conjectural. The President's Agent in this process does not have in hand yet the hard data on which the recommendation to the President will be based. This fact, which gives rise to the inability to accurately forecast the comparability adjustment, is no doubt largely responsible for the statement in the Budget which says that the President has deferred his final decision until late summer.

The considerations are the same as those which caused the Committee on Post Office and Civil Service, in its report to the Budget Committee, to counsel flexibility so that a final determination could be made following the report of the President's Agent and the President's alternative plan, if any is proposed.

While a pay cap is a pay cap and the 4.7 percent average adjustment allowed for in the Concurrent Resolution would indeed equal the 4.7 percent average adjustment tentatively proposed by the Budget, I regret that the Resolution does not seem to acknowledge the possibility that developments might warrant a different decision once the real numbers emerge from the comparability process about five months from now. I cannot predict that will be the case, but I believe, Mr. President, that the Senate should recognize the possibility.

The PRESIDING OFFICER. The concurrent resolution is open to further amendment.

Mr. HUMPHREY addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. HUMPHREY. Mr. President, I had planned on calling up an amendment, but I am not going to do so.

We have legislation relating to this particular proposal on public works, public jobs. So I shall not offer my amendment and the Senate can proceed with its regular business.

The PRESIDING OFFICER. The question is on agreeing to the concurrent resolution.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays.

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

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the concurrent resolution. The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

The PRESIDING OFFICER. Order has been requested. Will Senators please take their seats? The rollcall will not proceed until we have order in the Chamber. The clerk will suspend until we have order in the Chamber.

The clerk may proceed.

The assistant legislative clerk resumed and concluded calling the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from South Dakota (Mr. ABOUREZK), the Senator from Idaho (Mr. CHURCH), the Senator from Alaska (Mr. GRAVEL), the Senator from Indiana (Mr. HARTKE), the Senator from Hawaii (Mr. INOUYE), the Senator from Arkansas (Mr. McCLELLAN), the Senator from Wyoming (Mr. McGEE), and the Senator from California (Mr. TUNNEY) are necessarily absent.

I further announce that the Senator from North Carolina (Mr. MORGAN) and the Senator from Missouri (Mr. EAGLETON) are absent on official business.

I also announce that the Senator from Kentucky (Mr. FORD) is absent because of death in the family.

I further announce that, if present and voting, the Senator from Alaska (Mr. GRAVEL) and the Senator from North Carolina (Mr. MORGAN) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Hawaii (Mr. FONG), the Senator from Maryland (Mr. MATHIAS), the Senator from Illinois (Mr. PERCY), and the Senator from Alaska (Mr. STEVENS) are absent on official business.

I further announce that the Senator from Idaho (Mr. McCLURE) is absent due to a death in the family.

On this vote, the Senator from Illinois (Mr. PERCY) is paired with the Senator from Idaho (Mr. McCLURE). If present and voting, the Senator from Illinois would vote "yea" and the Senator from Idaho would vote "nay."

The result was announced—yeas 62, nays, 22, as follows:

[Rollcall Vote No. 148 Leg.]

YEAS—62

| | | |
|---|---|---|
| Baker | Hart, Gary | Nelson |
| Bayh | Hart, Philip A. | Nunn |
| Beall | Haskell | Pastore |
| Bellmon | Hathaway | Pearson |
| Bentsen | Hollings | Pell |
| Biden | Huddleston | Randolph |
| Brock | Humphrey | Ribicoff |
| Brooke | Jackson | Schweiker |
| Bumpers | Javits | Scott, Hugh |
| Burdick | Johnston | Sparkman |
| Byrd, Robert C. | Leahy | Stafford |
| Cannon | Long | Stennis |
| Case | Magnuson | Stevenson |
| Chiles | Mansfield | Stone |
| Cranston | McGovern | Symington |
| Dole | McIntyre | Taft |
| Domenici | Metcalf | Talmadge |
| Durkin | Mondale | Weicker |
| Eastland | Montoya | Williams |
| Glenn | Moss | Young |
| Griffin | Muskie | |

NAYS—22

| | | |
|---|---|---|
| Allen | Fannin | Laxalt |
| Bartlett | Garn | Packwood |
| Buckley | Goldwater | Proxmire |
| Byrd, Harry F., Jr. | Hansen | Roth |
| Clark | Hatfield | Scott, William L. |
| Culver | Helms | Thurmond |
| Curtis | Hruska | Tower |
| | Kennedy | |

NOT VOTING—16

| | | |
|---|---|---|
| Abourezk | Hartke | Morgan |
| Church | Inouye | Percy |
| Eagleton | Mathias | Stevens |
| Fong | McClellan | Tunney |
| Ford | McClure | |
| Gravel | McGee | |

So the concurrent resolution (S. Con. Res. 109), as amended, was agreed to as follows:

S. CON. RES. 109

*Resolved by the Senate (the House of Representatives concurring)*, That the Congress hereby determines and declares, pursuant to section 301(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on October 1, 1976—

(1) the appropriate level of total budget outlays is $412,600,000,000;

(2) the appropriate level of total new budget authority is $454,900,000,000;

(3) the amount of deficit in the budget which is appropriate in light of economic conditions and all other relevant factors is $50,200,000,000;

(4) the recommended level of Federal revenues is $362,400,000,000, and the amount by which the aggregate level of Federal revenues should be decreased is $15,300,000,000; and

(5) the appropriate level of the public debt is $711,500,000,000, and the amount by which the temporary statutory limit on such debt should be accordingly increased is $65,300,000,000.

SEC. 2. Based on the appropriate level of total budget outlays and total new budget authority set forth in paragraphs (1) and (2) of the first section of this resolution, the Congress hereby determines and declares, pursuant to section 301(a)(2) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1976, the appropriate allocation of the estimated budget outlays and new budget authority for the major functional categories is as follows:

(1) National Defense (050):
(A) New budget authority, $113,000,000,000.
(B) Outlays, $100,900,000,000.
(2) International Affairs (150):
(A) New budget authority, $9,100,000,000.
(B) Outlays, $7,000,000,000.
(3) General Science, Space, and Technology (250):
(A) New budget authority, $4,600,000,000.
(B) Outlays, $4,500,000,000.
(4) Natural Resources, Environment, and Energy (300):
(A) New budget authority, $18,000,000,000.
(B) Outlays, $15,600,000,000.
(5) Agriculture (350):
(A) New budget authority, $2,300,000,000.
(B) Outlays, $1,900,000,000.
(6) Commerce and Transportation (400):
(A) New budget authority, $16,100,000,000.
(B) Outlays, $18,600,000,000.
(7) Community and Regional Development (450):
(A) New budget authority, $7,400,000,000.
(B) Outlays, $7,800,000,000.
(8) Education, Training, Employment, and Social Services (500):
(A) New budget authority, $22,400,000,000.
(B) Outlays, $21,200,000,000.
(9) Health (550):
(A) New budget authority, $40,400,000,000.
(B) Outlays, $37,600,000,000.
(10) Income Security (600):
(A) New budget authority, $163,700,000,000.
(B) Outlays, $140,100,000,000.
(11) Veterans Benefits and Services (700):
(A) New budget authority, $20,000,000,000.
(B) Outlays, $19,300,000,000.
(12) Law Enforcement and Justice (750):
(A) New budget authority, $3,300,000,000.
(B) Outlays, $3,400,000,000.
(13) General Government (800):
(A) New budget authority, $3,700,000,000.
(B) Outlays, $3,600,000,000.
(14) Revenue Sharing and General Purpose Fiscal Assistance (850):
(A) New budget authority, $7,300,000,000.
(B) Outlays, $7,400,000,000.
(15) Interest (900):
(A) New budget authority, $40,400,000,000.
(B) Outlays, $40,400,000,000.
(16) Allowances:
(A) New budget authority, $600,000,000.
(B) Outlays, $700,000,000.
(17) Undistributed Offsetting Receipts (950):
(A) New budget authority, —$17,400,000,000.
(B) Outlays, —$17,400,000,000.

SEC. 3. The Congress hereby determines and declares, in the manner provided in section 310(a) of the Congressional Budget Act of 1974, that for the transition quarter beginning on July 1, 1976—

(1) the appropriate level of total budget outlays is $102,200,000,000;

(2) the appropriate level of total new budget authority is $95,800,000,000;

(3) the amount of the deficit in the budget which is appropriate in the light of economic conditions and all other relevant factors is $16,200,000,000;

(4) the recommended level of Federal revenues is $86,000,000,000; and

(5) the appropriate level of the public debt is $646,200,000,000, and the amount by which the temporary statutory limit on such debt should be accordingly increased is $19,200,000,000.

Mr. MANSFIELD. Mr. President, today marks the first step in an historic shift of responsibility to the legislative branch. The passage this afternoon of the first concurrent resolution is that first step. The Senate has demonstrated with overwhelming margins that it wishes to back fully the recommendations of the Budget Committee. The hard work and long hours undertaken by the Budget Committee during these past months has been rewarded handsomely today on the Senate floor. I believe it is a great tribute in particular to the disguished Senator from Maine (Mr. MUSKIE) who provided the type of leadership that permitted this dramatic shift of responsibility from the executive to the legislative and within the legislative from existing jurisdictions to the Budget Committee. Many have forecast that the Congress would not permit this type of self-discipline—today the Senate has demonstrated that it will insist upon this responsibility.

To describe the first concurrent budget resolution as complex is surely an inadequate characterization. Embracing 17 major functions, the resolution encompasses every activity of the Federal Government and impacts minutely on the economic and social structure and the welfare of the Nation.

That the Senate has accomplished this first step in the congressional budget process in a most timely manner is again a tribute to the leadership, the intelligence, the experience, the talent and tenacity of the chairman of the Senate Budget Committee, our respected colleague, ED MUSKIE.

As majority leader of this body, I cannot commend ED MUSKIE too highly for his long months of hard work and dedication culminating in the passage of this resolution.

This job, I am aware, could not have been completed without the dedication of the members of the Budget Committee on both sides of the aisle as well as that of its able and conscientious staff members. Further, without the assistance and cooperation of the ranking minority member of the committee the Senator from Oklahoma (Mr. BELLMON), I suspect that the problems would have been insurmountable.

Mr. President, I congratulate each member of the committee and its staff. In my opinion, the Nation is fortunate to have persons of the caliber I have mentioned serving the Senate of the United States.

Mr. President, I ask unanimous consent that an editorial appearing in today's Washington Post, entitled "Congress Budget," be printed in the RECORD.

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

CONGRESS BUDGET

The two congressional budget committees have now finished the first half of their job, and the performance so far is a remarkable success. They have skillfully revised the budget that President Ford sent them last January, and their versions are better suited to the country's requirements than the original. It still remains to be seen whether a collection of people as diverse as Congress has the will and discipline to sustain this exercise. But it is off to an encouraging start.

Keep it in mind that Congress has fundamentally changed its rules for handling the money bills. It used to control spending item by item, with little direct influence over national economic policy. But under the rules enacted two years ago and going fully into effect this year, budget committees draw up resolutions setting maximums for spending and minimums for revenue. That is the point at which the process has now arrived. The Senate resolution is on the floor, and the House will vote on its very similar resolution toward the end of the month. When both houses settle on an agreed version, it is binding on all tax and appropriation bills.

After all the appropriation bills are passed this summer—and there is now a deadline, another break with tradition—Congress will vote on a final reconciliation of its budget figures. That, as it happens, will take place in late September at the height of the presidential election campaign.

Congress is challenging Mr. Ford mainly on jobs, social benefits and taxes. The two resolutions indicate that its budget will be somewhat larger—around $413 billion for the year beginning next October—than Mr. Ford's $395 billion. But Mr. Ford's budget is tight enough to constitute a real risk to continued recovery from the recession. The congressional budget committees have judged, correctly, that they can let spending go up a few notches to push the economy harder toward growth, without incurring any serious penalty in added inflation. As for public service jobs, of which there are now more than 300,000, the President wants to phase them out. The congressional budget would clearly continue them.

But while the congressional budget total will be larger than Mr. Ford's target, it will not be a great deal larger. Congress remains very sensitive to voters' fears of inflation. One way to judge the size of next year's budget is to compare it with this year's programs, expanded to cover inflation and population growth. With those adjustments, present policy extended into next year would mean a budget about $12 billion more than the congressional resolutions provide. The budget committees have done some cutting. Part of that cut comes from limiting federal employees' cost-of-living raises to 5 per cent—a point on which there is no difference between the administration and the two budget committees. But another part of the cut comes from real reductions in some benefits. Rep. Brock Adams (D-Wash.), chairman of the House Budget Committee, argues that it is now necessary to begin weeding out the excesses in the past decade's great wave of social programs, and to swing the federal budget back toward balance and even surpluses. Otherwise, he points out, the country will never have the money for the expensive new programs that it needs—for example, comprehensive health insurance.

Mr. Ford stands for a tightly restrictive budget and a $10 billion income tax cut this year. The Democrats in Congress, supporting a less restrictive budget, have already made it clear that there will be no further tax cut

this year below present levels. But the President also wanted a stiff increase (after the election) in Social Security payroll taxes. Again the Democrats refused even to consider it. With unemployment still very high, it's a notably poor time to step up the country's most regressive tax.

But there are points on which Congress has evidently decided not to challenge the President at all. The most significant is, of course, defense. From the late 1960s until last year, defense spending had been declining in real terms—that is, in dollars adjusted for inflation. For a number of reasons, most of the Democrats have decided to go along with the President on defense. The budget committees would make only token cuts on defense; the Senate committee would reduce the President's request barely two-tenths of one per cent.

The defense issue illustrates the difficulties that the congressional leadership will encounter as it struggles over the next month to get the budget resolutions passed. At one point this month it was not clear that Mr. Adams would even have enough votes to get a resolution reported out of his committee. A couple of the Democrats were outraged by its refusal to cut defense spending, and refused to support the majority. At the same time the fiscal conservatives would have nothing to do with the resolution because, on the social benefits, it overran Mr. Ford's limits. At length Mr. Adams got it out by 14 votes to 10, a rather narrow margin that foreshadows similar fragmentation on the House floor.

It is by no means a sure thing that this brave experiment in congressional responsibility will succeed. Congress may well rebel against this severe burden, and fall back to the older custom of piecemeal appropriations. That would return the whole power of budget-making and economic strategy to the President. But experience has shown that this power, like most others, is used most wisely when it is shared.

## EXTENSION OF TIME FOR REPORT OF THE SENATE SELECT COMMITTEE ON INTELLIGENCE ACTIVITIES

Mr. ROBERT C. BYRD. Mr. President, at the request of the chairman and vice chairman of the Senate Select Committee on Intelligence Activities, in order to complete consultations between the committee and the executive branch concerning classification, I ask unanimous consent that the deadline provided in Senate Resolution 377 be extended to allow the required date of submission of its report to the Senate to be April 30, 1976.

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

## ORDER FOR ADJOURNMENT UNTIL 10:15 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 10:15 a.m. tomorrow.

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

## PUBLIC WORKS EMPLOYMENT ACT OF 1976

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Order No. 679.

The PRESIDING OFFICER. The bill will be stated by title.

The second assistant legislative clerk read as follows:

A bill (S. 3201) to amend the Public Works and Economic Development Act of 1965, to increase the antirecessionary effectiveness of the program, and for other purposes.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its consideration.

The Senate proceeded to consider the bill.

### PRIVILEGE OF THE FLOOR

Mr. MONTOYA. Mr. President, I ask unanimous consent that during consideration of and voting on S. 3201 the following staff members of the Committee on Public Works be granted the privilege of the floor:

M. Barry Meyer, John Yago, Bailey Guard, Judy Parente, Richard Greer, Philip T. Cummings, Richard Harris, and Steven Swain.

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

Mr. MONTOYA. Mr. President, once again the Committee on Public Works—by popular demand—brings to the floor of the Senate a public works job bill.

Members will recall that this body came within three votes on February 19, 1976, of overriding the President's veto of an earlier public works jobs bill that the Congress had worked on for nearly a year.

Since that day our telephones have hardly stopped ringing. The message is: When are you going to report out another jobs bill? Please hurry. The need has not diminished.

Mr. President, the bill we take up today is essentially the same bill the Public Works Committee reported out last July.

This bill has been reported unanimously from the Public Works Committee. I wish to emphasize the word unanimously. It is not a partisan bill. Yes, it is a more modest bill than the earlier versions.

The bill again provides construction grants to States and local governments for public facilities. It again provides a reauthorization of title X, the job opportunities program. And it again provides an increase in the authorization for EDA's business development loan program, including a provision for interest supplements on working capital loan. It has one new feature—a modest $21 million is authorized so that each State may have a minimum of $7 million in waste treatment construction grant funds.

A significant feature of the bill is the limit on the authority to obligate funds. First, should the national unemployment rate drop below 6.5 percent, no authority for construction grants and job opportunities would be available. Authority would trigger off.

The trigger mechanism works this way: for every one-half percent reduction or increase in the unemployment rate from a base of 9 percent, the authority to obligate appropriations is reduced or increased by one-fourth the funds appropriated. The limitation is based on the seasonally adjusted unemployment rate for the preceding calendar quarter as determined by the Secretary of Labor.

Thus, if the unemployment rate were between 8.5 and 9 percent the quarter before this bill becomes law, the full amount appropriated would be available for obligation. That would be $2.5 billion—including the business loan program.

However, at lower unemployment rates, a much smaller amount will be available. We asked the Congressional Budget Office for estimates. Assuming an enactment date of May 1, they project a first quarter 1976 unemployment level of 7.7 percent, declining by October to 7.4 percent. Given project obligation rates by EDA, CBO projects a cost of about $1.1 billion for this bill.

I wish to emphasize the distinction. This bill will cost much less than the full authority if unemployment continues to decline. We are talking about the difference between a $2.5 billion bill and a slightly more than $1 billion bill.

There will be those who say it is too small. It undoubtedly is too small. But it is a bill we could agree on in committee, and it is a bill we hope the President will accept. Many of us believe the enactment of an antirecession public works program is important—for this present time when construction unemployment is frighteningly high and other unemployment perhaps totals 10 million persons. This bill will demonstrate that public works can be an effective tool for future recessions—which we undoubtedly shall have.

### CRITICISMS OF VETOED PUBLIC WORKS JOBS BILL

Let me turn now to some of the criticisms by the President of the jobs bill he vetoed.

First, this bill is not inflationary. It is on the one hand not a huge spending bill, and on the other it is providing a modest stimulus at a time when our productive capacity is disturbingly underutilized.

Second, the cost per job is not excessive. We now have estimates from EDA that the cost to the Federal Government per man-year job of the job opportunities program is about $7,000. Jobs on larger construction projects will obviously be more. Together these programs will surely average less than the figure cited by the President.

Finally, there is the bugaboo about the too-late impact of public works projects. We have heard so often that the Federal outlays are made 1 to 2, and sometimes 3 years after funds for projects are obligated. Thus, the impact comes after the recession is over. So the argument goes.

That is not true in this bill. Onsite labor must begin 90 days after the bill is approved by EDA. That means payrolls begin within 90 days or before. People get jobs and are paid long before the Federal outlays are made—and that is what this is all about: Jobs.

Suppose a construction project of $850,000 takes 2 years to complete. Under EDA interim construction financing procedures approved by OMB, the applicant, in most cases a municipality—borrows the cost of the project from a bank. The EDA grant offer provides interest and serves as collateral. Advances are made by the city to the contractor for his payroll costs, and so forth. EDA has no further paper transaction involving financ-

ing until the project is completed 2 years later. Then the Federal outlay is made. But the project is over. And jobs were created when they were needed.

It is more accurate to say that the amounts and rate of obligation by EDA in this bill are far more reliable guides to job-creating impact than is the time of the outlay.

Mr. President, let me remind my colleagues that unemployment is still very high, unacceptably high. Officially, more than 7 million persons are out of work. But when one counts those who have stopped working and those who have had to accept marginal part-time jobs but would prefer full-time work, the figure is easily 10 million people.

This bill will not put but a fraction of that number to work. It will reach the construction industry—and that is a sick industry. I hope many of the jobs created—if this bill becomes law—will go to minority persons and youth. These groups, along with construction workers, are bearing a disproportionate burden of joblessness.

This bill is more modest than the bill the President vetoed. But it, together with public service job programs, will make an important impact. It will demonstrate the value of accelerated public works programs in future recessions.

Mr. President, I ask unanimous consent that a fact sheet on S. 3201 be printed in the RECORD at this point in my remarks, as well as a table showing number and cost of jobs provided under the job opportunities program.

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

PUBLIC WORKS EMPLOYMENT ACT OF 1976—S. 3201—FACT SHEET

Purpose—To increase authorizations under the Public Works and Economic Development Act of 1965 to improve the anti-recession effectiveness of public works programs.

AUTHORIZATION

*Total Authorization.*—$2.521 billion *is authorized at a 9 percent unemployment rate* ($2 billion is for grants to local public works projects, $375 million for the job opportunities program, and $125 million for business development loans. $21 million in waste treatment funds is also authorized).

*Limits on authority to obligate.*—For each half percent decrease or increase in the unemployment rate, the amount available for obligation of local public works and job opportunities programs falls or rises by ¼ of appropriated funds (up to $500 million).

*Cost Estimates.*—According to CBO estimates, assuming a first quarter 1976 unemployment level of 7.7% declining to 7.4% in October, 1976, and projecting the rate of obligation by EDA, the probable obligation totals are:

| | *Million* |
|---|---|
| Local public works | $735 |
| Job opportunities | 220 |
| Business loans | 125 |
| Waste treatment funds | 21 |
| Total projected obligations | $1.101 |

KEY PROVISIONS OF S. 3201

*State and Local Public Works.*—As in S. 1587 passed by the Senate on July 29, 1975, this bill provides an additional anti-recession authorization for Economic Development Administration (EDA) programs for grants to state and local governments for needed capital improvement projects which can begin within 90 days of approval. Payrolls begin at that time, though Federal outlays may not occur for one, two or even three years. $2 billion is authorized at 9% unemployment for period ending September 30, 1977.

Should the national unemployment rate drop below 6.5 percent, authority to obligate funds under the public works grants and job opportunity program is cut off. In both programs, 70% of grant funds must go to areas with unemployment levels equal to or above the national rate.

Eligible projects under the public works grant program in order of priority include:

a. projects inactive because applicant is unable to provide local matching share (Federal share up to 100%)

b. projects halted after approval because of cost overruns (Federal share supplemented)

c. projects initiated by State and local governments without other Federal participation (up to 100% Federal)

*Job Opportunities.*—authorized and funded during 1975 for $500 million creating an estimated 100,000 direct jobs (equivalent to 71,500 man years of employment) at a total cost per job year of $10,875 ($7,000 Federal funds) is reauthorized at $375 million for the period ending December 31, 1976.

*EDA's business development loan program.*—authorization is increased by $125 million for the period December 31, 1976. Up to 4 percentage points are provided for interest supplements on EDA guaranteed loans.

*Waste treatment funds.*—$21 million is authorized for FY 1976 to be distributed to those states and territories which received an allocation of less than $7 million in waste treatment construction grant funds for FY 1976 under the Federal Water Pollution Control Act. All states will have a minimum of $7 million.

Mr. MONTOYA. Mr. President, I ask unanimous consent that a table entitled Job Opportunities Program—Title X with respect to this pending bill be printed in the RECORD.

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

SUBCOMMITTEE ON ECONOMIC DEVELOPMENT—MONTOYA

APR. 31—JOB OPPORTUNITIES PROGRAM [1]—TITLE X, $500,000,000 APPROPRIATED AND OBLIGATED DURING 1975

| | 1st round of $125,000,000 produced | 2d round of $375,000,000 | Totals |
|---|---|---|---|
| Direct jobs created | 27,929 | 72,929 | 100,223 |
| Man-years jobs | 15,913 | 55,490 | 71,403 |
| Total cost per job per man-year | $10,926 | $10,846 | $10,875 |
| Federal funds per job | $7,827 | $6,829 | $7,000 |
| Total project costs | [2] $173,870,000 | [3] $601,891,000 | $775,762,000 |
| Average rate of unemployment in project area (percent) | 14.9 | 18 | |
| Labor intensity (costs) (in percent) | 72 | 83.4 | |
| Average length of employment (months) | 8 | 8 | |

[1] Based on EDA estimates.
[2] 29 percent nontitle X.
[3] 37 percent nontitle X.

Mr. RANDOLPH. Mr. President, the able chairman of the Committee on Public Works Subcommittee on Economic Development, Senator MONTOYA, has laid the basis for the legislation which will be before us tomorrow, for a detailed discussion of its provisions and work on amendments that are to be offered.

We have had the utmost cooperation of the members of the Committee on Public Works in the development of the bill which is now pending.

Senators will recall, Mr. President, that the prior public works bill failed to have sufficient strength in the Senate, by three votes, to override the Presidential veto. I am always cognizant of the fact that the President has a responsibility, and that Congress has a responsibility. There was an agreement in the Senate with the thinking of the President, although 63 votes for an override did indicate the strong support of the Senate for the type of legislation that was not brought to fruition. In the House of Representatives, of course, there was a substantial vote for overriding the President's veto.

It is my personal desire as chairman of the Committee on Public Works, and I know it is the desire of the diligent and able Senator from Tennessee (Mr. BAKER), the ranking minority member—in fact, of all the members of our committee—that we approach this subject as we did before, without partisanship, and that we bring the bill to the Senate for the second time—hoping that the measure that will be passed here and in the other body—and will be signed into law by the President of the United States.

The situation in the United States of America, Mr. President, was very critical in 1962. I remember that from the Senate Committee on Public Works came the accelerated Public Works Act of that year. The unemployment rate in the United States in 1962 was 7.1 percent. Today the unemployment rate is 7.5 percent.

I only wish to indicate that at that time we felt strongly that in a public works program the needed jobs would be provided. In addition, there were lasting benefits to the economy throughout the years that would come from such an effort. There were 7,700 projects brought into being and completed under the act to which I have just referred; and now throughout the country we have an unemployment figure which is not satisfactory to me, and it is not satisfactory, Mr. President, to the American people. In this respect, I do not speak in a partisan manner; I speak, I am sure, not only my thoughts but the thoughts of the people of this country.

In the construction industry the situation is critical. In Tucson, Ariz., for instance, 30 percent of the construction workers are without jobs. In Los Angeles, the percentage is 21.3 percent. In Chicago it is 27 percent; in Bridgeport, Conn., it is 37 percent; and in our State of West Virginia, in Charleston, it is 47 percent. And in the city of Rochester, N.Y., 49 percent of the construction workers are unemployed at this time.

This is a measure, as I have indicated, that will be thoroughly debated.

Mr. President, we continue to hear optimistic predictions about the American economy. We are told that the out-

look is good, that the traditional indicators largely point to a renewal of the prosperity that has been the general experience of the United States for most of the 200 years of its history.

I hope that these predictions are true for our people have suffered the consequences of economic stagnation for too long. So far, however, what we have are largely predictions with only marginal improvement in the economy. We continue to be faced with the worst economic downturn and the highest unemployment since the Great Depression of the 1930's. An unemployment rate of 7.5 percent is good news only by comparison with the record of the past 2 years. More than 7 million Americans are officially considered unemployed. The real unemployment level is even higher when we count those who have been driven by discouragement from the job market and are not included in the official statistics.

It is the responsibility of the Federal Government to use its great resources to help stimulate the economy when the private sector is unable adequately to reverse the trend of recession. The bill before the Senate today, the Public Works Employment Act of 1976, is our partial response to the pressing need for new jobs. This legislation particularly addresses the situation in the construction industry where the unemployment rate in February was 15.5 percent—more than double the national average.

And the prospects are not good, despite expected increases in the dollar value of construction contracts. In the past 5 years, construction levels have dropped considerably when measured against the constant dollars of 1967, prior to the onset of rapid inflation. With more than 700,000 workers in the building trades unemployed, there is a substantial unused capacity for providing the basic facilities our country needs.

Mr. President, this bill utilizes the proven approach of public works construction to encourage economic recovery. Such programs have several advantages: they place workers in productive jobs and they provide community facilities that can be used for many years. The public works programs of the 1930's resulted in schools, libraries, hospitals, and bulic buildings of many types that are in use today.

The able Senator from New Mexico (Mr. MONTOYA) has described in detail the provisions of this legislation. It is a relatively simple measure. It utilizes programs already in existence and does not establish any new Federal bureaucracy. The programs it authorizes, therefore, can be implemented without delay. The bill specifies, in fact, that funds be directed to projects which can begin within 90 days. Within 3 months of the enactment of this measure, activities could be underway which would provide jobs not only in the construction industry but in other areas as well. Suppliers of building materials and services and businesses where employed workers spend their wages all would benefit. There is, in reality, an important and valuable ripple effect associated with public works programs.

Mr. President, public works programs have been criticized as ineffective in combating unemployment because of alleged slowness in starting projects once funds are available. This is not a valid argument. It is inevitable that there be some time lag, but commitments must be made now for construction to start in the months ahead. Furthermore, outlays of money start immediately after projects are approved.

This legislation is flexible. It authorizes funds to be released on the basis of unemployment levels, making more money available should unemployment increase. The flexibility also extends to the type of projects which can be undertaken. They could be new construction or they could be repair and renovation of existing facilities. They could be activities in which there is other Federal participation or they could be projects which are strictly local in nature. The common feature is their ability to be initiated quickly and to remove workers from the jobless lists.

One of the provisions of this bill is an additional authorization of $375 million for the job opportunities program. That program was initiated less than 2 years ago and has already demonstrated to be an effective job creator. During the past year, $500 million were appropriated and obligated for the job opportunities program. This resulted in 100,223 direct jobs or 71,403 man-year jobs. The average cost of $10,875 per job makes this a particularly attractive program, especially when we consider the long-term benefits of the resulting work.

Mr. President, the American people and the Members of Congress are rightly concerned with the level of expenditures by the Federal Government. It is essential that we examine Government outlays carefully and use restraint in the conduct of Federal activities. The bill before the Senate today meets the requirements of fiscal responsibility. Its maximum cost is $2.5 billion. This is a substantial amount of money, but it is relatively modest when compared with the need and with the cost to the Government of unemployment. Placing workers in jobs would sharply reduce the cost of unemployment benefits and other social services so that tax users would once again become tax payers.

I was gratified by the attitude of committee members following the vote on the veto of the earlier measure. Under Senator MONTOYA's leadership, we began work immediately to write the bill now before us. Important contributions were made to this effort by Senator HOWARD BAKER, ranking minority member of the committee, and Senator JAMES MCCLURE, ranking minority member of the Economic Development Subcommittee. All members of our Public Works Committee recognized the need to end the recession in this country and I am appreciative of the concern and involvement in this legislation of Senator EDMUND MUSKIE, Senator MIKE GRAVEL, Senator LLOYD BENTSEN, Senator QUENTIN BURDICK, Senator JOHN CULVER, Senator ROBERT MORGAN, Senator GARY HART, Senator JAMES BUCKLEY, Senator ROBERT STAFFORD, and Senator PETE DOMENICI.

Mr. President, spring is traditionally the beginning of the construction season. This is an appropriate time for the Senate to pass this legislation not only to facilitate expeditious use of these funds but also to reaffirm our commitment to restoring economic health to our country.

Mr. BAKER. Mr. President, I support the bill reported by the Public Works Committee and recommend it to my colleagues. The bill provides authorizations of $2.5 billion through fiscal year 1977, comprising $2 billion for grants to State and local governments for public works projects; $375 million for the Jobs Opportunities program—title X; $125 million increase for working capital loans to prevent loss of jobs in the private sector, and $21 million in waste treatment construction grant funds to three States and three territories. It is a measure which will alleviate the unemployment situation today, I believe, without jeopardizing fiscal responsibility or the significant progress toward full economic recovery we are achieving.

A new section of title I of the Public Works and Economic Development Act of 1965 authorizes $2 billion for local public work projects. Three categories of projects are eligible for grants. First priority is accorded federally assisted projects inactive because the local jurisdiction is unable to provide the matching share. Projects that have not begun solely because of the applicant's inability to provide the local matching share at the time of enactment of this bill would be eligible for funding.

Second priority is assigned to federally assisted projects authorized before enactment of this bill, which could not be completed within the original amount obligated because of rapid increases in wages or costs of materials. Supplementary assistance could be provided to allow such projects to be completed; provided the additional Federal assistance on a cost overrun project does not exceed the maximum allowable percentage of the Federal share.

Third priority is assigned to 100 percent federally assisted State and local government projects for construction, renovation, repair or other improvements to public facilities.

The bill also authorizes an additional $375 million for the period ending December 31, 1976, for title X of the Public Works and Economic Development Act, the Jobs Opportunities program.

An objection often raised against temporary government job creation programs is that, although temporary, they may be allowed to continue after the need for them has passed. The bill contains a "trigger" mechanism that would release funds as unemployment increases and cut back funds as the jobless rate falls. Specifically, the authority to obligate appropriations is tied to the seasonally adjusted quarterly unemployment rate. The authority to obligate appropriations available under section 107 and title X is reduced by one-fourth of the funds appropriated each time the quarterly unemployment rate declines by

one-half of 1 percent from a base of 9 percent. On the other hand, for each increase of one-half of 1 percent in the quarterly national unemployment rate up to 9 percent, authority to obligate funds would increase by one-fourth of appropriations, up to the maximum authorization of $2.375 billion.

Mr. President, I believe this trigger mechanism is an integral and essential part of this countercyclical legislation. As the recovery progresses and full employment is achieved, a fundamental consideration will be an orderly recovery that avoids another inflationary spiral. It is imperative that we take care to assure the impact is not felt at the wrong time and in the wrong amount.

The bill directs that 70 percent of the funds appropriated under the public works and job opportunities programs shall be available to areas having unemployment rates for the three most recent consecutive months in excess of the national unemployment rate. The remaining 30 percent of funds is reserved for applicants from areas with unemployment rates in excess of 6½ percent for the three most recent consecutive months, but less than the national unemployment rate. No area with less than 6½ percent unemployment would be eligible to receive funds.

Criteria for selection of projects within a proposed project area also are established. These are: First, the severity and duration of unemployment; second, the level and nature of construction unemployment; and third, the extent to which the project is expected is expected to reduce unemployment in the project area. In addition, cost overrun projects selected must be "job effective" and must clearly benefit the community or region.

The bill also provides that no State may receive more than 15 percent of available funds nor less than one-half of 1 percent of the funds appropriated.

Section 3 of the bill amends title II of the Public Works and Economic Development Act to increase the fiscal year 1976 authorization for business development programs from $75 million to $200 million. The section also provides an interest subsidy of up to 4 percentage points on any loan guaranteed under this program.

This provision is intended as an antirecessionary measure, to be used to aid firms suffering from the current recession. Additionally, the interest subsidy is to be used when high interest rates would be prohibitively expensive for a firm in need of financial assistance to continue current operations.

Finally, section 14 of the bill contain- an authorization of $21 million to be distributed to those states and territories which received an allocation of less than $7 million in waste treatment construction grant funds for fiscal year 1976, under the Federal Water Pollution Control Act. This authorization is intended to provide a minimum of $7 million to each State, as defined under the act. Because of the relatively small amount of money made available to three States and three territories for fiscal year 1976, a few projects have exhausted their total allocation of funds which were to continue through September 30, 1977. This provision is a "stop gap" measure. The Public Works Committee intends later in this session to provide for a general construction grant authorization to be made available to all States for fiscal year 1977 under the Federal Water Pollution Control Act.

Mr. President, I support the bill reported by the Public Works Committee, but I strongly urge my colleagues to restrain from amendments that would encumber the measure. As I have previously stated, my support for the bill as reported by the committee does not imply that I could support it if the bill becomes a "Christmas tree"—either a greatly enlarged measure by additional authorizations or if additional subject matter is added to it.

I can understand that many of us consider favorably additional proposals or expanded authorizations. I do not argue with the objectives of some of these proposals but believe strongly that each should be considered separately and on its own merits.

It has now been a year since S. 1587—the Public Works Employment Act of 1975—was introduced in the Senate. Importantly, and I believe relevant to our consideration, it is no longer the time when this measure was originally proposed, considered, and passed. Circumstances—the jobs situation and the momentum and direction of the economy—are entirely different today.

A year ago the economy was still declining and unemployment rising. More important, the bottom was not yet foreseen, and in fact many projections of both government and private economists were pessimistic if not bleak. For example, the Congressional Budget Office in its June 30, 1975, report on the economy projected unemployment rates for 1976 between 7.8 percent and 8.2 percent. The Joint Economic Committee, in its report of March 1975, on the Economic Report of the President estimated unemployment would exceed 9 percent during the last half of 1975. It was within the context of projections such as these and with the background of a sagging economy with the bottom yet unforeseen that we passed the bill later vetoed—a $6 billion measure containing three different titles and presenting at least three separate issues.

Fortunately, these projections did not materialize. At 7.5 percent the rate is more than a full percentage point lower than last October. In strong contrast to the bleak economic reports last summer when the vetoed measure was being considered by the Congress, today we are almost daily receiving encouraging economic reports—pointing to a sound, orderly recovery that appears to be sustainable. Importantly, the recovery is progressing without a resurgence of rapid inflation that if it quickens could undermine consumer confidence and threaten the recovery.

Furthermore, the recovery we are experiencing is broad based, including almost every sector of the economy. For February, the composite index of leading economic indicators rose 0.8 percent indicating further economic growth in the next few months. Housing starts surged to the highest rate in nearly 2 years, up 27 percent from January starts and 63 percent ahead of the year-earlier pace when housing hit bottom. Also, industrial output climbed for the 10th consecutive month.

Mr. President, in view of the significant progress toward recovery to date, the projections of continued strong improvement, and an underlying threat that inflation could accelerate and threaten the recovery, I will oppose amendments to this bill that would enlarge the authorizations or add new programs and I will not support the bill if it is greatly expanded. Stable growth of the economy through responsible fiscal management, confidence of the people that we do not just throw programs together and Treasury money about, and recognition that responses must be timely and respect an order of priorities, may be of greater influence and equal benefit to our Nation's health and welfare.

The PRESIDING OFFICER (Mr. HARRY F. BYRD, JR.). The Senator from Michigan is recognized.

Mr. GRIFFIN. Mr. President, I have not had an opportunity to fully study this legislation, but there is no question but that the bill as reported by the committee unanimously would be a great deal closer to the mark, and would stand a much better chance, it would seem, of being signed by the President, than the $6 billion bill which passed Congress earlier and was vetoed, and the veto sustained here in the Senate. I just hope that the unanimous bipartisan position of the Committee on Public Works will be held tomorrow.

There are rumors that some pretty big amendments will be offered to this bill, that there will be an effort to turn it back again into the kind of budget-busting bill that we confronted earlier. But I know that if the Committee on Public Works stands shoulder to shoulder and unanimous against such amendments, we would have a chance, perhaps, of defeating them and keeping the bill as reported intact.

If we did that, then I think there would be at least the possibility that we might be enacting legislation rather than engaging in a futile political exercise.

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

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

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

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

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## ORDER FOR RECOGNITION OF SENATOR BROOKE

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after the two leaders or their designees have been recognized on tomorrow, under the standing order, Mr. BROOKE be recognized for not to exceed 15 minutes, prior to the recognition of Mr. LEAHY, for

whose recognition an order has already been entered.

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

## ORDER ADDING SENATOR HUDDLESTON TO LIST OF SENATORS WHO WILL DEBATE TAX REFORM

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that, with respect to those Senators who are going to engage in colloquy tomorrow on tax reform, Mr. HUDDLESTON be added and that he be allotted 10 minutes, and that Mr. CRANSTON for whom an order has already been entered, be allotted 15 minutes rather than 5 minutes as previously ordered.

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

## ORDER AUTHORIZING DISCRETION IN YIELDING TIME

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that those Senators who are engaged in the tax reform colloquy may yield to one another or to other Senators from their time and that they not be required to appear in the order as stated in the order entered.

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

## ORDER FOR RECOGNITION OF SENATORS MANSFIELD AND GRIFFIN, TRANSACTION OF ROUTINE MORNING BUSINESS AND RESUMPTION OF CONSIDERATION OF S. 5201

Mr. ROBERT C. BYRD. After the aforementioned Senators have completed their orders, I ask unanimous consent that Mr. MANSFIELD be allotted 10 minutes and Mr. GRIFFIN 10 minutes each, after which there be a period for the transaction of routine morning business not to extend beyond the hour of 1 p.m., with statements limited therein to 5 minutes each, and that at the conclusion of routine morning business the Senate resume consideration of the unfinished business, S. 3201.

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

## PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene at 10:15 a.m. tomorrow. After the two leaders or their designees have been recognized under the standing order, Mr. BROOKE will be recognized for not to exceed 15 minutes, after which Mr. LEAHY will be recognized for not to exceed 5 minutes. Following Mr. LEAHY, the following Senators will engage in a colloquy on tax reform. They will be limited to 15 minutes each with the exception of Mr. CRANSTON and Mr. HUDDLESTON, for whom the order has been previously entered allotting 15 minutes and 10 minutes respectively. These Senators will not necessarily appear in the order listed. They are as follows: Messrs. KENNEDY, HOLLINGS, HUMPHREY, MUSKIE, HASKELL, HATHAWAY, CLARK, BUMPERS, BAYH, MCGOVERN, CHURCH, PROXMIRE, CRANSTON, GLENN, GARY HART, PHILLIP A. HART, METCALF, JACKSON, BIDEN, and HUDDLESTON.

Following the orders for the recognition of Senators who will discuss tax reform, Mr. MANSFIELD will be recognized for not to exceed 10 minutes, Mr. GRIFFIN will be recognized for not to exceed 10 minutes, after which there will be a period for the transaction of routine morning business not to exceed beyond the hour of 1 p.m. with statements therein limited to 5 minutes each. Upon the consummation of the period for the transaction of routine morning business, the Senate will resume consideration of the then-unfinished business, the public works bill S. 3201. Rollcall votes are anticipated on amendments thereto and motions in relation thereto and hopefully final passage thereof.

Other measures may be called up during the day. And, of course, conference reports being privileged matters may be called up and votes may occur thereon.

## ADJOURNMENT TO 10:15 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until the hour of 10:15 a.m. tomorrow.

The motion was agreed to, and at 6:07 p.m., the Senate adjourned until tomorrow, April 13, 1976, at 10:15 a.m.

## NOMINATIONS

Executive nominations received by the Senate April 12, 1976:

### U.S. POSTAL SERVICE

Hung Wai Ching, of Hawaii, to be a Governor of the U.S. Postal Service for the remainder of the term expiring December 8, 1981, vice John Y. Ing, resigned.

### IN THE AIR FORCE

The following-named officers for promotion in the U.S. Air Force, under the appropriate provisions of chapter 839, title 10, United States Code, as amended.

#### LINE OF THE AIR FORCE

*Major to lieutenant colonel*

Ackerman, Ronald R., [redacted]
Adame, Frederick P., Jr., [redacted]
Adams, George L., [redacted]
Adams, George T., [redacted]
Adams, Gordon D., [redacted]
Adams, Robert R., [redacted]
Adams, William E., [redacted]
Adamson, Derry A., [redacted]
Adcock, Eddie M., [redacted]
Adee, Donald P., [redacted]
Adelman, Philip J., [redacted]
Agar, James R., [redacted]
Aglio, Carl J., [redacted]
Akley, James K., [redacted]
Alexander, Howard J., [redacted]
Alexander, James W., [redacted]
Alexander, Joseph R., [redacted]
Allen, Michael C., [redacted]
Allen, Robert L., [redacted]
Allison, Gary G., [redacted]
Allport, Charles W., [redacted]
Alnwick, Kenneth J., [redacted]
Anderson, Allen S., [redacted]
Anderson, Edward L., [redacted]
Anderson, Jackie L., [redacted]
Anderson, Leslie B., III, [redacted]
Anderson, Paul J., Jr., [redacted]
Angle, Theodore E., [redacted]
Angliss, William W., [redacted]
Anselmo, Robert J., [redacted]
Aparicio, Arthur J., Jr., [redacted]
Apel, Larry A., [redacted]
Arellano, Gustavo O., [redacted]
Assaf, Frank N., II, [redacted]
Athas, Charles P., [redacted]
Atkins, Benny J., [redacted]
Augustine, Leonard J., [redacted]
Austin, Jimmie T., [redacted]
Austin, William R., II, [redacted]
Auten, Jimmie D., [redacted]
Auth, James F., [redacted]
Avis, Bertram, [redacted]
Baak, Jerome A., [redacted]
Babbidge, Mitchael J., [redacted]
Babione, William P., [redacted]
Bacheiler, Burton P. C., II, [redacted]
Baddley, Benny H., [redacted]
Bagley, Thomas J., III, [redacted]
Bailey, Jerry T., [redacted]
Bainbridge, Thomas A., [redacted]
Bajuk, Terence G., [redacted]
Baker, Bert E., [redacted]
Baker, George W., [redacted]
Baker, James P., [redacted]
Baker, Joe R., [redacted]
Baker, Kenneth N., [redacted]
Baker, Mary E., [redacted]
Baker, Ozrow E., [redacted]
Baldock, Jessie C., [redacted]
Baldwin, Claude R., [redacted]
Baldwin, Rey D., [redacted]
Ball, Willis H., III, [redacted]
Ballentine, George D., [redacted]
Balut, Ramon R., Jr., [redacted]
Barber, Lawrence W., [redacted]
Barnes, Elliott B., Jr., [redacted]
Barrineau, William E., Jr., [redacted]
Barry, Gregory P., [redacted]
Barth, Roland E., [redacted]
Bartine, Harris V., [redacted]
Bartlett, Robert R., [redacted]
Bartrand, Louis E., [redacted]
Bassett, David H., [redacted]
Bates, Franklin D., [redacted]
Batten, Virgil F., [redacted]
Baty, Richard S., [redacted]
Baumann, Carl W., [redacted]
Baushke, James L., [redacted]
Bavaria, Joseph A., [redacted]
Bayer, Curtis K., [redacted]
Bean, Donald W., [redacted]
Beatty, John D., [redacted]
Beckner, Stanley G., [redacted]
Beekman, Ralph E., [redacted]
Beezley, Ronnie W., [redacted]
Beland, Richard J., [redacted]
Belisle, Charles P., [redacted]
Bellanca, Thomas J., [redacted]
Bellg, Bruce J., [redacted]
Bender, Eduard, [redacted]
Bennett, Cyril A., [redacted]
Bennett, Forrest H., Jr., [redacted]
Bennett, Frank J., [redacted]
Berg, Kile D., [redacted]
Bergman, Leroy E., [redacted]
Bernard, Albert R., Jr., [redacted]
Bernard, Samuel T., [redacted]
Bessette, Carol S., [redacted]
Bessette, Duane G., [redacted]
Bessette, John F., [redacted]
Bethel, Howard E., [redacted]
Bevans, John P., [redacted]
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Biggs, Dennis M., [redacted]
Birmingham, Edward P., [redacted]
Bishop, Charles L., [redacted]
Biss, Robert I., [redacted]
Bisset, David G., [redacted]
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Blue, Harry G., Jr., [redacted]
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Bobek, Andrew S., [redacted]
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Boone, Donald, [redacted]
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Boyd, Raymond G., Jr., [redacted]
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Deep, Ronald, [redacted]
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Dew, Raleigh F., [redacted]
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Dice, Wilbur D., [redacted]
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German, Edward N., [redacted]
Gest, Robert, III, [redacted]
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Guise, Ralph F., [redacted]
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Jones, Tony M., [redacted]
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Koch, Edwin A., [redacted]
Kophnke, Richard K., [redacted]
Konn, John W., [redacted]
Koncak, Tony, [redacted]
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Kormanik, Joseph D., [redacted]
Korte, Mike A., [redacted]
Kosko, Walter, [redacted]
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Kramer, George W., [redacted]
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Kruger, Jerry E., [redacted]
Kuenzel, John D., [redacted]
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Laughlin, John D., [redacted]
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Leathers, Jackie P., [redacted]
Lebar, Thomas J., [redacted]
Lebel, Hardy, F., [redacted]
Leber, John C., [redacted]
Lee, James A., [redacted]
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Leis, Robert R., [redacted]
Lemon, Melville L., Jr., [redacted]
Lenart, Ernest R., Jr., [redacted]
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Lent, Roger C., [redacted]
Lentz, Owen W., [redacted]
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Orion, Stephen I., [redacted]
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Paepcke, John E. C. [redacted]
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Pfister, Lewis M., Jr., [redacted]
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Prime, Louis J., Jr., [redacted]
Prindle, Hoyt L., Jr., [redacted]
Pritchard, Robert L., [redacted]
Proctor, Armond C., [redacted]
Provart, Robert W., [redacted]
Provines, James L., II, [redacted]
Pruitt, Daniel W., [redacted]
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Purinton, Alan R., [redacted]
Quick, Dennis L., [redacted]
Quimby, Richard F., Jr., [redacted]
Rafel, Harvey H., [redacted]
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Ray, David P., [redacted]
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Rech, Adam, [redacted]
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Reeves, Raymond J., Jr., [redacted]
Regelf, Harold M., [redacted]
Reichert, Robert A., [redacted]
Reid, Richard W., [redacted]
Reiter, Robert E. Jr., [redacted]
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Repak, David N., [redacted]
Rhodes, Fodte L., [redacted]
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Richards, Reid C., [redacted]
Richards, William L., [redacted]
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Rigby, Lee A., [redacted]
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Sampson, Orwyn, [redacted]
Sandberg, Robert, [redacted]
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Scible, Robert H., III, [redacted]
Scott, Hanson L., [redacted]
Scott, Randall F., [redacted]
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Umstot, Denis D., [redacted]
Undlin, Jesse P., [redacted]



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Wilkinson, Donald L., [redacted]
Wilkinson, Philip A., [redacted]
Williams, Brian R., [redacted]
Williams, Harry C., Jr., [redacted]
Williams, James R., [redacted]
Williams, Kenneth L., [redacted]
Williams, Thomas W., [redacted]
Willis Myron E., [redacted]
Wilmore, Duncan, [redacted]
Wilson, Bernard F., [redacted]
Wilson, Edwin B., [redacted]

Wilson, Henry J., Jr., [redacted]
Wilson, Richard S., [redacted]
WimBrow, Peter D., Jr., [redacted]
Winkelman, Alton B., [redacted]
Winklepleck, Robert H., [redacted]
Winters, William N., [redacted]
Witt, Harry J., II, [redacted]
Wolf, Allen E., [redacted]
Wolfe, Robert G., [redacted]
Wolff, Jack L., [redacted]
Wolff, James F., [redacted]
Wolfswinkel, Donald L., [redacted]
Womack, Harold L., [redacted]
Wood, Loren G., [redacted]
Wood, Philip A., [redacted]
Woodman, Lloyd, Jr., [redacted]
Woods, David M., [redacted]
Woods, Robert V., [redacted]
Worrell, Malcolm L., Jr., [redacted]
Worthington, Walter T., [redacted]
Wozniak, David D., [redacted]
Wray, Duane J., [redacted]
Wright, David E., [redacted]
Wright, William B., [redacted]
Wurstner, Roland D., [redacted]
Wyatt, James L., Jr., [redacted]
Wylie, Donald L., [redacted]
Wynne, Thomas O., [redacted]
Yarborough, Philip P., [redacted]
Yargo, Ralph J., [redacted]
Yarrigle, Robert C., [redacted]
Yoakum, Victor F., [redacted]
Young, Douglas R., [redacted]
Young, Edward F., [redacted]
Young, James M., [redacted]
Young, Kenneth M., [redacted]
Young, William E., [redacted]
Zaccagnino, Salvatore A., [redacted]
Zehrer, Frederick A., III, [redacted]
Ziegler, Gary S., [redacted]
Zeitler, Fraine C., [redacted]
Zeller, Eldon W., [redacted]
Zersen, William F. H., [redacted]
Zieg, Duane H., [redacted]
Zollner, Ronald A., [redacted]
Zupke, Everett W., [redacted]
Zych, Leonard P., [redacted]

CHAPLAIN CORPS

Balint, Robert J., [redacted]
Chaffee, Bob A., [redacted]
Dwyer, John F., [redacted]
Falcone, Emilio, [redacted]
Gilhooley, John P., [redacted]
Harlin, Donald J., [redacted]
Highsmith, Darrell C., [redacted]
Johnson, Arnold G., [redacted]
LaPlante, Joseph A., [redacted]
Mann, John I., [redacted]
McIntosh, Gene K., [redacted]
Metcalf, Frank D., [redacted]
Prewitt, Charles B., [redacted]
Smith, Donald R., [redacted]
Somma, James F., Jr., [redacted]
Williams, Russell D., Jr., [redacted]
Wilson, Donald I., [redacted]
Wilson, Theodore J., [redacted]

JUDGE ADVOCATE

Brothers, Charles A., [redacted]
Hitt, William R., [redacted]
Jones, Robert W., [redacted]
Jones, Roger A., [redacted]
Kastl, Joseph W., [redacted]
Kuhnell, Rudolph R., III, [redacted]
Lewis, Paul K., Jr., [redacted]
Mills, Philip C., [redacted]
Murphy, Edward J., [redacted]
Murphy, Michael E., [redacted]
O'Brien, Patrick B., [redacted]
Rengeri, Kenneth R., [redacted]
Roberts, M. Cullie, Jr., [redacted]
Sessoms, Philip C., [redacted]
Warner, Arthur W., Jr., [redacted]
Williams, Conward E., [redacted]

NURSE CORPS

Adams, Lena G., [redacted]
Anderson, Rhea S., [redacted]
Atkinson, Angelica, [redacted]
Bailes, Mary F., [redacted]
Bennett, Carol J., [redacted]
Calist, John J., [redacted]

Cook, Virginia V., [redacted]
David, Joy M., [redacted]
Dye, Beverly J., [redacted]
Forster, Mary R., [redacted]
Friday, Blanche B., [redacted]
Gentile, Margaret A., [redacted]
Goins, Phyllis N., [redacted]
Howard, Caryl J., [redacted]
Huckins, Donna D., [redacted]
Huskey, Dora F., [redacted]
Johnson, Mary K., [redacted]
Kendall, Nora M., [redacted]
Kirn, Georgia A., [redacted]
Korach, Margaret M., [redacted]
Kreth, Ernest H., Jr., [redacted]
Kujawa, Dolores M., [redacted]
Least, Thomas S., [redacted]
Lee, Florence L., [redacted]
Lehman, William W., [redacted]
Liberty, Gail N., [redacted]
Lopalo, Salvatore, [redacted]
Luttman, Phyllis A., [redacted]
McElwee, Catherine F., [redacted]
Meadows, Bettie J., [redacted]
Meggers, Adele L., [redacted]
Mitchell, Bernice, [redacted]
Montanaro, Frank L., [redacted]
Mursch, Sara K., [redacted]
Prue, Mildred S., [redacted]
Pulda, Roger L., [redacted]
Roach, Nellie M., [redacted]
Schmitt, Fred A., [redacted]
Scoggins, Joan I., [redacted]
Shinn, Patsy F., [redacted]
Thomas, Grayce H., [redacted]
Tumas, Elizabeth R., [redacted]
Wagner, Marie L., [redacted]
Williams, Ella E., [redacted]
Winnike, Generose M., [redacted]

MEDICAL SERVICE CORPS

Bargamin, Taliaferro M., [redacted]
Boyd, Thomas O., [redacted]
Buss, Mervin F., [redacted]
Cauley, Jerry D., [redacted]
Chapman, Samuel B., Jr., [redacted]
Curtis, Keith W., [redacted]
Gorman, John A., [redacted]
Hudock, Jack, [redacted]
Moore, Jerry L., [redacted]
Rieckhoff, Elmer C., [redacted]
Sanders, Lewis D., [redacted]
Schumaker, Clarence J., Jr., [redacted]
Silliman, Charles I., [redacted]
Strentzsch, Alfred I., Jr., [redacted]
Turner, Charles E., [redacted]
Vanrysselberge, John P., [redacted]
Williams, Robert S., [redacted]
Wilson, Charles E., [redacted]

VETERINARY CORPS

Inman, Roger C., [redacted]
May William O., Jr., [redacted]
Townsend, Lee R., [redacted]

BIOMEDICAL SCIENCE

Coughlin, John J., [redacted]
Dougherty, Jerry P., [redacted]
Gokelman, John J., [redacted]
Graham, Richard W., [redacted]
Heckman Gerald R., [redacted]
Kamerbeek, Maria G., [redacted]
Levinson, Lewis S., [redacted]
Lewis, Thayer J., [redacted]
Markland, Darryl T., [redacted]
Mulligan, Hugh F., II, [redacted]
Perry, Furti W., [redacted]
Spence, William E., Jr., [redacted]
Trumbo, Richard B., [redacted]
Walker, William J., Jr., [redacted]
Ward, Edward R., Jr., [redacted]

The following officers for apponitment in the Regular Air Force, in the grade indicated, under the provisions of section 8284, title 10, United States Code, with dates of rank to be determined by the Secretary of the Air Force:

TO BE MAJOR

Crisp, Bobby V., [redacted]
White, Robert A., [redacted]

## CONFIRMATION

Executive nomination confirmed by the Senate, April 12, 1976:

NATIONAL TRANSPORTATION SAFETY BOARD

Philip Allison Hogue, of Virginia, to be a member of the National Transportation Safety Board for the remainder of the term expiring December 31, 1978.

The above nomination was approved subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

# HOUSE OF REPRESENTATIVES—*Monday, April 12, 1976*

The House met at 12 o'clock noon.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

*Rest in the Lord and wait patiently for Him: fret not thyself.*—Psalms 37: 7.

O God and Father of us all, we would continue through Holy Week mindful of Thy presence and eager to do Thy will. May we be among those who in deep devotion to our country seek to put justice above injustice, good will above ill will and high principles above low prejudices. May we have the courage of our convictions that in these crucial days we fail not man nor Thee.

Bless our Nation with Thy favor and these leaders with Thy spirit. Together may we be channels for peace and prosperity in our world.

In the spirit of Christ we pray. Amen.

## THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

## MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Roddy, one of his secretaries, who also informed the House that on April 8, 1976, the President approved and signed a bill of the House of the following title:

H.R. 10624. An act to amend chapter IX of the Bankruptcy Act to provide by voluntary reorganization procedures for the adjustment of the debts of municipalities.

## MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 1465. An act to provide for the division of assets between the Twentynine Palms Band and the Cabazon Band of Mission Indians, California, including certain funds in the United States Treasury, and for other purposes; and

H.R. 11598. An act to authorize appropriations for the United States Information Agency for fiscal year 1976 and for the period July 1, 1976, through September 30, 1976.

The message also announced that the Senate agrees to the amendments of the House to a joint resolution of the Senate of the following title:

S.J. Res. 35. Joint resolution to provide for the designation of the second full calendar week in March 1976 as "National Employ the Older Worker Week."

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested a joint resolution of the House of the following title:

H.J. Res. 890. Joint resolution making emergency supplemental appropriations for preventive health services for the fiscal year ending June 30, 1976, and for other purposes.

The message also announced that the Senate insists upon its amendments to the joint resolution (H.J. Res. 890) entitled "An act making emergency supplemental appropriations for preventive health services for the fiscal year ending June 30, 1976, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. MAGNUSON, Mr. STENNIS, Mr. ROBERT C. BYRD, Mr. PROXMIRE, Mr. MONTOYA, Mr. HOLLINGS, Mr. EAGLETON, Mr. BAYH, Mr. CHILES, Mr. MCCLELLAN, Mr. YOUNG, Mr. BROOKE, Mr. CASE, Mr. FONG, Mr. STEVENS, Mr. MATHIAS, Mr. SCHWEIKER and Mr. HRUSKA, to be the conferees on the part of the Senate.

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

S. 2981. An act to authorize appropriations for the Indian Claims Commission for fiscal year 1977, and for other purposes;

S. 3136. An act to reform the Food Stamp Act of 1964 by improving the provisions relating to eligibility, simplifying administration, and tightening accountability, and for other purposes; and

S. Res. 428. Resolution providing that, pursuant to the provisions of section 104(b) of the Presidential Recordings and Materials Preservation Act (Public Law 93–526), the Senate hereby disapproves section 105–63.-104(b), section 105–63.401, section 105–63.-401–1, section 105–63.401–2(g), section 105–63.402–1(b), section 105–63.402–2(b), and section 105–63.402–3 of the regulations proposed by the Administrator of General Services in his report to the Senate submitted on October 15, 1975.

## CALL OF THE HOUSE

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

The SPEAKER. Evidently a quorum is not present.

Mr. RONCALIO. 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. 188]

| | | |
|---|---|---|
| Abzug | Frenzel | Mink |
| Andrews, N.C. | Gibbons | Moss |
| Archer | Gonzalez | Nedzi |
| Armstrong | Green | Nix |
| AuCoin | Gude | O'Hara |
| Badillo | Harsha | Patten, N.J. |
| Barrett | Hawkins | Pepper |
| Bell | Hayes, Ind. | Pickle |
| Bevill | Hébert | Pressler |
| Boland | Heckler, Mass. | Randall |
| Bolling | Heinz | Rees |
| Breckinridge | Helstoski | Rhodes |
| Brodhead | Henderson | Roberts |
| Burke, Calif. | Hinshaw | Roush |
| Burton, John | Holland | Rousselot |
| Chisholm | Holt | Sarbanes |
| Clancy | Ichord | Satterfield |
| Clausen, | Johnson, Pa. | Scheuer |
| Don H. | Jones, Ala. | Shuster |
| Collins, Ill. | Jones, Tenn. | Spellman |
| Conlan | Jordan | Staggers |
| Conyers | Karth | Stanton, |
| Cornell | Kastenmeier | James V. |
| Crane | Kemp | Stark |
| Daniels, N.J. | Kindness | Steelman |
| de la Garza | Krueger | Stephens |
| Derwinski | Landrum | Symington |
| Dingell | Latta | Taylor, N.C. |
| Dodd | Lehman | Teague |
| du Pont | Lujan | Thone |
| Early | Lundine | Udall |
| Edwards, Calif. | McCloskey | Ullman |
| Esch | McEwen | Vigorito |
| Eshleman | McHugh | Waxman |
| Evans, Ind. | McKay | Weaver |
| Evins, Tenn. | Macdonald | White |
| Findley | Madigan | Whitehurst |
| Fish | Martin | Wilson, Tex. |
| Flowers | Meeds | Wright |
| Flynt | Melcher | Young, Alaska |
| Ford, Tenn. | Mills | Zablocki |

The SPEAKER. On this rollcall 312 Members have recorded their presence by electronic device, a quorum.

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

## PEACE CORPS ANNUAL OPERATIONS REPORT FOR FISCAL YEAR 1975—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committee on International Relations:

*To the Congress of the United States:*

I herewith transmit the Peace Corps Annual Operations Report for Fiscal Year 1975 as required by section 11 of the Peace Corps Act, as amended.

GERALD R. FORD.

THE WHITE HOUSE, *April 12, 1976.*

## PERSONAL EXPLANATION

Mr. MIKVA. Mr. Speaker, I was unable to attend the Friday, April 9, 1976, session of the House of Representatives because I was participating in an energy symposium sponsored by Northeastern Oklahoma College. Had I been present I would have voted "no" on rollcall No. 186.

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

Mr. LONG of Louisiana. 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 Louisiana?

There was no objection.

## EMERGENCY SUPPLEMENTAL APPROPRIATIONS FOR PREVENTIVE HEALTH SERVICES, 1976

Mr. MAHON. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the joint resolution (H.J. Res. 890) making emergency supplemental appropriations for preventive health services for the fiscal year ending June 30, 1976, and for other purposes, 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:

AMENDMENTS

Page 1, line 3, strike out "sum is" and insert: "sums are".

Page 1, after line 5, insert:

"TITLE I

"INDEPENDENT AGENCIES

"ENVIRONMENTAL PROTECTION AGENCY

CONSTRUCTION GRANTS

"For an additional amount for liquidation of obligations incurred pursuant to authority contained in section 203 of the Federal Water Pollution Control Act, as amended, $300,000,000, to remain available until expended.

"TITLE II"

Page 1, after line 5, insert:

"DEPARTMENT OF LABOR

"EMPLOYMENT AND TRAINING ADMINISTRATION"

Page 1, after line 5, insert:

"COMPREHENSIVE MANPOWER ASSISTANCE

"For an additional amount for 'Comprehensive manpower assistance', $528,420,000, to remain available until September 30, 1976."

Page 1, after line 5, insert:

"TEMPORARY EMPLOYMENT ASSISTANCE

"For expenses necessary to carry out activities authorized by Title II of the Comprehensive Employment and Training Act of 1973, as amended (29 U.S.C. 841–851), $1,200,000,000, to remain available until January 31, 1977."

Page 1, after line 5, insert:

"COMMUNITY SERVICE EMPLOYMENT FOR OLDER AMERICANS

"To carry out title IX of the Older Americans Act, as amended, $55,900,000, to remain available until June 30, 1977."

Page 2, after line 11, insert:

"RELATED AGENCY

"COMMUNITY SERVICES ADMINISTRATION

"COMMUNITY SERVICES PROGRAM

"For an additional amount for 'Community services program', $23,000,000, to remain available until September 30, 1976."

Amend the title so as to read: "Joint resolution making emergency supplemental appropriations for public employment programs, summer youth programs, and preventive health services for the fiscal year ending June 30, 1976, and for other purposes.".

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

Mr. BAUMAN. Mr. Speaker, reserving the right to object, I would like to ask the gentleman from Texas (Mr. MAHON) if these are the amendments by the other body to the flu vaccine bill which in effect turn the bill into a supplemental appropriation bill for several programs and adds well over $1 billion? I think the House should have a full explanation of exactly what has happened to this legislation.

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

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

Mr. MAHON. Mr. Speaker, the House passed a bill last week providing an appropriation of $135 million for the swine flu vaccine program, as the gentleman from Maryland (Mr. BAUMAN) has explained. When the bill went to the other body, the other body added a number of additional appropriations.

The programs added to the one item influenza appropriation bill that passed the House are the following:

Environmental Protection Agency—construction grants—$300,000,000;

Summer youth jobs—$528,420,000;

Public service jobs—$1,200,000,000;

Older Americans jobs—$55,900,000;

Summer recreation program—$17,000,000;

Summer sports program—$6,000,000.

All of these items were considered by the Committee on Appropriations and are included in the second supplemental appropriations bill which will be before the House on Wednesday.

There has been a great deal of interest and concern that funds be provided for these programs as early as possible, and this, of course, is the reason the other body included them in the flu bill.

Appropriation requests were submitted by the President in connection with most of the money included in the Senate amendments. Funds for all these programs were included in a supplemental bill reported by the Committee on Appropriations, Friday, which is scheduled to come before the House on Wednesday of this week.

So the gentleman is correct that this is more or less a standard supplemental bill in its present configuration.

Mr. BAUMAN. Mr. Speaker, I will ask further, if these particular amendments are agreed to, will there still be a necessity for the consideration of a supplemental bill on Wednesday of this week?

Mr. MAHON. Mr. Speaker, the supplemental on Wednesday will still be necessary for other reasons, but there is an agreement that the items included in the pending measure would be deleted from that bill when it is considered on Wednesday. They would be removed from the bill so there would be no duplication of appropriations.

In answer to the question, the bill scheduled for Wednesday is needed, and it should be passed soon because it contains, for instance, all the pay costs supplementals which normally are presented to the House in the spring after up-to-date studies of the recommendations of the various departments and agencies can be made. The bill to be considered on Wednesday will also provide for such items as veterans' benefits, retired pay, and public assistance. So, I would say to the gentleman, that the bill is indeed needed.

Mr. BAUMAN. Mr. Speaker, it would have been my disposition to seek a rollcall on concurring in the Senate amendments, simply because I think it is bad policy for this House to accept an addition of more than $1 billion to a totally unrelated proposition. However, I realize that if I object, before appropriate action could be taken, the bill would have to go to a conference committee or perhaps to the Committee on Rules, and the House could not have a vote before Wednesday on this.

Mr. Speaker, this is a very irregular procedure, and I think it is unfortunate that the Members are denied a rollcall vote, but I do not object at this time.

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

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

Mr. MAHON. Mr. Speaker, let me say to my friend, the gentleman from Maryland (Mr. BAUMAN) that later I will ask unanimous consent for all the Members to revise and extend their remarks and place any statements in the RECORD that they may desire in connection with the consideration of the pending measure.

I thank the gentleman for his contribution.

Mr. BAUMAN. Mr. Speaker, I thank the gentleman from Texas.

Mr. Speaker, I withdraw my reservation of objection.

Mr. PERKINS. Mr. Speaker, I would like to call attention to the fact that the funds provided in this urgent supplemental for public service jobs have been appropriated under title II of the Comprehensive Employment and Training Act—CETA. Section 204(c) of CETA defines "areas of substantial unemployment as those which have a rate of unemployment equal to or in excess of 6.5 per centum for 3 consecutive months as determined by the Secretary. All funds appropriated pursuant to title II must be used in such areas (sec. 202). Furthermore, only persons residing within such areas can be hired with funds appropriated under title II (sec. 205(c)(3). I point this out in order to inform Members that while I very much welcome and appreciate this title II appropriation, there is still an urgent need to pass an authorization for title VI of CETA. None of the funds being appropriated today can be distributed to those title VI areas which are nontitle II areas. This will cause serious disruption and many thousands of forced layoffs.

I mention this because the other body has attempted to deal with this problem in report language and, while I very much appreciate their honest efforts to deal with this problem, I must conclude that where there is a conflict between statutory language and report language that the clear language of the statute will control. This is also true with respect to the Secretary's discretionary money under title II which the statute requires to be spent only within areas of substantial unemployment as defined above (sec. 202(b)).

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

Mr. MICHEL. Mr. Speaker, further reserving the right to object, and I do so only for the purpose of expressing my appreciation to the gentleman from Maryland (Mr. BAUMAN) for the remarks and he has made and for his understanding of the urgency of the situation. There is no question that the additional items added by the Senate are justified in view of the urgent time frame we are facing and the length of time it will take before the regular supplemental is adopted.

As the Members will recall, we only included the $135 million for swine flu when the bill originally passed the House. Along with this item, the Senate included $528,420,000, the amount requested by the President, for summer youth employment for the summer of 1976. The Senate amount is an increase of $28,620,000 over the amount included by the House Committee in the second supplemental. The House Committee did not have an opportunity to consider the President's request, since it was not transmitted to the Congress until April 8. The Senate figure will finance 888,000 jobs; the House Committee figure will finance 840,000 jobs.

The Senate included $1.2 billion for public service employment under title II of the Comprehensive Employment and Training Act. That amount would continue the current program level of about 310,000 jobs through January 31, 1977. It is an increase of $400 million over the amount included by the House Committee in the second supplemental. The House Committee figure would continue the current program level through October 31, 1976.

The Senate report on this item also contains language granting the Labor Department discretionary authority to use Public Service Employment funds in non-title II areas. I believe such discretionary authority is necesary because the Department estimates that the funding of all PSE programs under title II, as this bill would do, will result in 15 to 60 prime sponsors precipitous by losing all or part of their funds. This would lead to a corresponding elimination of some 17,000 enrollees from employment. Discretionary authority would allow the Department to soften the blow by gradually phasing them out of the program. Although we did not have the opportunity to insert any language to this effect in our House report, I think we would concur in this objective.

The Senate included $55,900,000 for title IX of the Older Americans Act, the same amount that was included in the second supplemental by the House committee. However, the Senate bill would expand the program to 15,000 jobs by providing for the funds to be utilized over a 12-month period, rather than a 15-month period as provided in the House committee bill.

The Senate included $23,000,000 to fund two summer recreation programs as follows: First, $17,000,000 for summer youth recreation and transportation program; and, second, $6,000,000 for the national youth sports program operated by the National Collegiate Athletic Association. These amounts are the same as those included in the second supplemental by the House commmittee.

The Senate also included $300,000,000 for waste treatment construction grants under the Environmental Protection Agency.

Back to the swine flu portion of the bill, some concern has been raised regarding the liability of drug companies for possible injuries to those administered the flu vaccine. The Senate report cites that "the various governmental units shall be free from liability in terms of the vaccine," and that "the drug producers should remain responsible for the vaccine, its quality, and any adverse reactions directly attributable to the vaccine." The question has to do with the effect, if any, the report recital will have on the tort liability of the producers and of the Government and what the managers of this bill perceive that liability to be.

The recital in the Senate report cannot, of course, amend either State or Federal law concerning tort liability, and I do not understand the language of the supplemental appropriation to constitute, in effect, an amendment of the Federal Tort Claims Act. As I read it, the language of the Senate report merely attempts to insure that the drug companies retain responsibility for the manufacture of the vaccine with due care, and that the Government not assume responsibility for idemnifying the industry for any negligence in the manufacture of that vaccine.

I should add that I think the drug producers have a legitimate concern regarding whether they might be held liable for the claimed adverse effect of an innoculation even if the result is unrelated to their care in producing the vaccine. However, this concern, arising out of the cases of Davis against Wyeth Laboratories and Reyes against Wyeth Laboratories, can be adequately dealt with in the arrangements by which the Secretary of HEW procures the vaccine from the producers. Indeed, I am advised that the Secretary, in requesting contract proposals for the vaccine, intends to include a commitment along the following lines:

> The Government hereby assumes the responsibility (1) for developing the content of a notice of the hazards, if any, of innoculation with the swine influenza vaccine, and (2) of notifying the public or of taking reasonable steps to assure that it is notified of such hazards. Although this responsibility might ordinarily devolve upon the contractor as the manufacturer or seller of the vaccine, the Government is assuming this responsibility because the distribution of the vaccine purchased under this contract will be arranged by the Government.

I believe that this type of commitment, in whatever form of words it finally

takes, will adequately meet the producers' concerns and will also be consistent with the underlying concern expressed in the Senate report.

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

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

There was no objection.

Mr. DOMINICK V. DANIELS. Mr. Speaker, as author of the Comprehensive Employment and Training Act and chairman of the Subcommittee on Manpower, Compensation, and Health and Safety which has legislative and oversight jurisdiction over CETA, I want to express my concern over language in the Senate report accompanying House Joint Resolution 890 which would authorize the Secretay of Labor to utilize in nontitle II areas discretionary funds available to him in the supplemental appropriation in order to prevent the imminent layoff of these program participants.

While I am sympathetic to the intent of the Senate Appropriations Committee to prevent hardships that will be caused by layoffs under title VI, I do not believe that the statute gives the Secretary of Labor such latitude with discretionary funds under title II.

Specifically, section 203(b) states:

> The remainder (discretionary funds) may be distributed by the Secretary in his discretion taking into account the severity of unemployment within such areas.

The statute defines such areas of substantial unemployment in section 204(c) as those with an unemployment rate of 6.5 percent or more for 3 consecutive months.

The question of the use of title II discretionary money in nontitle II areas as well as language in the Senate report waiving the 30-day unemployment requirement in title II was discussed in Senate deliberations on House Joint Resolution 890 on April 9. I call your attention to a coloquy between Senator JAVITS and Senators BROOKE and MAGNUSON on page 10307 of the CONGRESSIONAL RECORD.

I am hopeful that the legislative history on the use of discretionary funds makes it clear that discretionary moneys appropriated under House Joint Resolution 890 cannot be used for title VI of the Comprehensive Employment and Training Act.

Furthermore, all the requirements of title II are applicable to funds appropriated under House Joint Resolution 890. Therefore in order to maintain on board those public service employment participants who meet the requirements—both geographical and other—of title VI and not of title II, a new appropriation is required.

Mr. FLOOD. Mr. Speaker, the Senate has passed House Joint Resolution 890, the emergency supplemental appropriations bill for the swine flu vaccine and, in the process, has added appropriations for four additional items under the jurisdiction of the Labor-HEW Subcommittee, namely: public service jobs under title II of CETA, summer youth employment, summer youth recreation and transportation programs, and part-time employment for older workers under title IX of the Older Americans Act.

All of these items are included in H.R. 13172, the second supplemental appropriations bill, as it was reported from the House Committee on Appropriations last Friday. As amended by the Senate, House Joint Resolution 890 now includes $1,784,320,000 for the Department of Labor, $135,064,000 for the Department of Health, Education, and Welfare, and $23,000,000 for the Community Services Administration, for a total of $1,942,284,000 for these three agencies, which is $421,100,000 less than the budget requests.

We think that, all things considered, the Senate action is reasonable and that the House could expedite action on this very critical swine flu problem by agreeing to the Senate amendments here on the floor and obviating the need for a conference.

If we go to conference on this bill, there is at least some possibility that it could get bogged down until after the Easter recess. The medical experts, both Federal and private, tell us that any delay on this swine flu vaccine production could be very serious. If they get behind schedule on this, we could be in trouble if this virus hits in the fall. We do not want that to happen.

We have no problems with the action the Senate took on these other items. They put in $1.2 billion for public service jobs instead of our committee figure of $800 million. There is no problem with that because the additional funds would have to be appropriated anyway, at a later date. You will recall that the President has requested $1.7 billion for this program.

They put in the budget request of $528.3 million for summer youth jobs to fund last year's program level. That is very reasonable.

They included $55.9 million for jobs under title IX of the Older Americans Act. That is the same figure that we had in our committee version of the second supplemental. We have no problem with that.

They included $23 million for summer recreation programs for the Community Services Administration. Again, that is the same as our committee bill on the second supplemental.

I want to make it clear that if the House agrees to these Senate amendments today, then I will move on Wednesday to strike these items from the second supplemental. We obviously do not want them in both bills.

In short, we see no problems to agreeing to the Senate amendments today and thereby expediting action on this very important swine flu bill.

Various people have been in touch with us about language in the Senate Appropriations Committee report on House Joint Resolution 890 concerning the use of discretionary funds under title II of CETA, and concerning liability for the quality and safety of flu vaccine. I would like to make it clear that in accepting the Senate amendments we are certainly not endorsing the language in the Senate report. Furthermore, nothing said in a committee report or in floor debate can change existing law with respect to tort liability, the distribution of funds under the Comprehensive Employment and Training Act, or any other subject, and I am sure that it would not be our intent to do so.

A motion to reconsider was laid on the table.

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## GENERAL LEAVE

Mr. MAHON. Mr. Speaker, I ask that all Members may have 5 legislative days in which to revise and extend their remarks on the Senate amendments just concurred in.

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

There was no objection.

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## EXTENSION OF DISTRICT OF COLUMBIA MEDICAL AND DENTAL MANPOWER ACT OF 1970

Mr. DIGGS. Mr. Speaker, by direction of the Committee on the District of Columbia, I call up the bill (H.R. 12132) to extend as an emergency measure for 1 year the District of Columbia Medical and Dental Manpower Act of 1970, and ask unanimous consent that the bill be considered in the House as in the Committee of the Whole.

The Clerk read the title of the bill.

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

There was no objection.

The Clerk read the bill, as follows:

H.R. 12132

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 303(c) of the District of Columbia Medical and Dental Manpower Act of 1970 (D.C. Code, sec. 31-922(c)) is amended by striking out "years ending June 30, 1975, and June 30, 1976," and inserting in lieu thereof "year ending September 30, 1977,".

Mr. DIGGS. Mr. Speaker, I move to strike the last word.

Mr. Speaker, the purpose of H.R. 12132 is to extend for 1 year (fiscal 1977) the District of Columbia Medical and Manpower Act of 1970 (D.C. Code, title 31, sec. 921, 922; 84 Stat. 1934). This would further assist private nonprofit medical and dental schools in the District of Columbia, through Federal grants for this 1 year, in meeting their critical finance needs and operational costs required to maintain quality medical and dental educational programs as a necessary health manpower service to the metropolitan area of the District of Columbia.

Such grants by law are to be in the minimum amounts necessary and may not exceed, in the fiscal year 1977, $5,000 per enrolled medical student, or $3,000 per enrolled dental student.

The intended beneficiaries of this bill are the Georgetown University Schools of Medicine and Dentistry and the

George Washington University School of Medicine. Howard University, which operates schools of medicine and dentistry in the District, relies on other channels of Federal support.

NEED FOR THE LEGISLATION

Grants under this legislation are proposed as a substitute for the State funding available to many private medical and dental schools in jurisdictions other than the District of Columbia. Because of the District of Columbia's precarious financial situation, no local funds are available for fiscal year 1977. The schools are committed to seeking alternate funding sources for fiscal year 1978. While the schools are considering the appropriate methods for securing such assistance, the committee feels that the interim subsidies authorized by H.R. 12132 are merited.

GEORGE WASHINGTON AND GEORGETOWN UNIVERSITIES NEED FOR FUNDS

The presidents of George Washington University and Georgetown University state that without the funds to be authorized by the continuation of the legislation these schools cannot continue in operation. There are 14 Washington metropolitan area hospitals directly dependent on the staffs and programs of these medical and dental schools. There are over 11,000 graduates of these schools in the United States in 50 States and the District of Columbia and over 1,900 students from 47 States and the District of Columbia.

DISTRICT NEED FOR PHYSICIANS

At least six of the District's nine service areas lack sufficient physician manpower to serve the needs of the individuals in those areas.

The areas east of Rock Creek Park and Anacostia are all severely deficient in physicians; and the far Northeast, as well as the near Northeast, also suffer more critically than the other areas.

PRINCIPAL PROVISIONS OF THE PRESENT LAW

The principal provisions of present law—D.C. Dental and Manpower Act of 1970, Public Law 91-650—are as follows:

First. The Secretary of Health, Education, and Welfare is authorized to make grants to the Mayor of the District of Columbia, in an amount not to exceed the minimum necessary to achieve the purposes of this title; and in no event may such a grant in any fiscal year exceed the sum of the product of $5,000 times the number of full-time medical students enrolled in private nonprofit medical schools in the District of Columbia, and the product of $3,000 times the number of full-time dental students enrolled in private nonprofit dental schools in the District.

Second. Authority is provided for the appropriation of such sums as may be necessary for fiscal years 1975 and 1976, to make the above-mentioned grants—the reported bill extends present law to cover fiscal year 1977.

Third. Provision is made regarding the filing of applications by the Mayor to the Secretary of HEW for these grants, including the authority of the Secretary to require such determinations and assurances as he may deem necessary to assure proper disbursement of and accounting for the funds involved.

Fourth. Provision is made for the method of determining the numbers of students as the basis for establishing the maximum amounts of the grants.

Fifth. Grants from the Secretary of HEW to the Mayor may be paid in advance or by way of reimbursement, with appropriate adjustments for overpayments or underpayments.

Sixth. In assessing the needs of the several schools, the Secretary of HEW shall take into consideration any grants made to these schools under section 772 of the Public Health Service Act (42 USC 295f-2), relating to financial assistance for schools in need of aid in meeting their costs of operation.

Seventh. The Mayor of the District of Columbia is authorized to make grants to private nonprofit schools of medicine or dentistry in the District. These grants shall involve only those funds included in the grants authorized in this title from the Secretary of HEW to the D.C. Commissioner.

Eighth. Provision is made regarding the filing of applications by the schools to the Mayor for these grants, including the authority of the Mayor and the Secretary of HEW to require such content, determinations, fiscal control and accounting procedures, and access to the schools' records as may be deemed necessary to assure proper disbursement and accounting of such funds.

Ninth. Grants from the Mayor to the schools may be paid either in advance or by way of reimbursement, with appropriate adjustments by reason of previous overpayments or underpayments.

Tenth. In determining the financial needs of the medical and dental schools, the Mayor shall take into consideration any grants made to these schools under section 772 of the Public Health Service Act (42 U.S.C. 295f-2).

PROVISIONS OF THE BILL, H.R. 12132

The bill, as stated, authorizes grants during 1 additional fiscal year; namely, 1977.

COSTS

The bill would require that through an HEW appropriation, each private, nonprofit medical and dental school within the District could, for fiscal year 1977, receive $5,000 for each medical student enrolled and $3,000 for each dental school student enrolled.

A breakdown of the maximum possible assistance through Federal funds, as estimated above, for fiscal year 1977, follows:

| | |
|---|---|
| Georgetown University Medical School: 840 students times $5,000 per student | $4,200,000 |
| Georgetown University Dental School: 600 students times $3,000 per student | 1,800,000 |
| George Washington University Medical School: 610 students times $5,000 per student | 3,050,000 |
| Total maximum estimate for fiscal year 1977 | 9,050,000 |

CONCLUSION

Justification for the enactment of H.R. 12132 had been established to the satisfaction of the committee for the reasons set forth heretofore.

The schools benefited—George Washington University School of Medicine, and Georgetown University Schools of Medicine and Dentistry—have students from every State in the Union, and 10,775 graduates are presently in practice throughout the Nation, 26 percent of them in the District of Columbia, Maryland, and Virginia, and 74 percent of them in the other States.

Further, the location in the District of Columbia of these schools is an ex-extremely important community asset. In addition to operating two high quality university hospitals, they contribute interns, residents and faculty members who make up the house staff at D.C. General Hospital and—partially—at many other local hospitals—Children, Columbia, Fairfax, et cetera.

The presence of "teaching medicine" in the community provides opportunity for private physicians and dentists to keep up to date, take refresher courses, et cetera, and generally improves the quality of dentistry and medicine practiced in the overall community.

The medical schools, through their clinics and experimental health centers and prepaid health plans, deliver a large measure of the health-care provided to those citizens who live in poorer neighborhoods which lack practicing physicians.

In light of the schools' contribution to the community and the Nation, the financial inability of the city to provide support this fiscal year, and most significantly, the schools' commitments both to seek future financing through a student loan assistance program and to provide greater opportunity for student residents of the District, passage of H.R. 12132 is appropriate at this time.

Mr. Speaker, I would suggest the recognition of the gentleman from California (Mr. DELLUMS), who will discuss the need for this legislation. Mr. Speaker, out of his subcommittee came the hearings and the discussion on this bill.

Mr. DELLUMS. Mr. Speaker, I move to strike the requisite number of words.

Mr. Speaker, and members of the committee, the purpose of H.R. 12132 is to extend for 1 year—fiscal 1977—the District of Columbia Medical and Dental Manpower Act of 1970. Specifically, this measure would assist the Georgetown University Schools of Medicine and Dentistry and the George Washington University School of Medicine, through Federal grants, to maintain quality medical and dental education programs as a necessary health manpower service to the metropolitan area of the District of Columbia.

Such grants are to be the minimum amounts necessary and may not exceed, in the fiscal year, 1977, $5,000 per enrolled medical student or $3,000 per dental student. The total projected cost will be $9 million.

This is unique legislation, because these schools present unique situations.

The schools that benefit, George Washington School of Medicine, and Georgetown University School of Medicine and Dentistry, have students from every State in the Union, and 10,775 graduates are presently in practice throughout the Nation, 26 percent of them in the District of Columbia, Maryland, and Virginia and the remaining 74 percent of them in the other States. These two schools serve the city and the Nation.

Further, the location in the District of Columbia of these schools is an extremely important community asset. In addition to operation of two high quality university hospitals, they contribute interns, residents and faculty members who make up the house staff at D.C. General Hospital and at many other local hospitals including Children's, Columbia, and Fairfax. The city cannot readily replace these services.

The presence of "teaching medicine" in the community provides opportunity for private physicians and dentists to keep up to date, take refresher courses, and generally improves the quality of dentistry and medicine practiced in the overall community.

The medical schools, through their clinics and experimental health centers and prepaid health plans, deliver a large measure of the health care available to those citizens who live in poorer neighborhoods which lack practicing physicians.

The President of George Washington University and Georgetown University state that without the funds to be authorized by the continuation of the legislation these schools cannot continue to operate.

Most States provide some assistance to provide dental and medical schools.

A few of my colleagues asked why the schools are not being directly assisted by the government of the District of Columbia. The simple honest answer is that the D.C. government cannot afford it.

On the Federal level HEW, in testimony before the committee, stated that under other programs HEW could not assure sufficient funding for the schools.

It is imperative that we extend this assistance. Our lack of support could jeopardize the schools and the significant contribution they make to the Nation and the community.

Some of my friends indicate concern that the schools have not made sufficient efforts to provide educational opportunities for district residents.

I share this concern. But I am reassured by the discussions between the schools and the city government—initiated as a result of our hearings. Plans are being drawn to insure increased places for eligible applicants from the District of Columbia, and also to increase the pool of eligible applicants.

People have expressed the concern that the schools will seek extensions without end. In response to this concern I like to read the following letter, which is addressed to the Honorable CHARLES C. DIGGS, the chairperson of the Committee on the District of Columbia and the Honorable GILBERT GUDE, the ranking minority member of that committee, which reads:

Dear Mr. DIGGS and Mr. GUDE: We wish to state unequivocably to you that our request is that the District of Columbia Medical and Dental Manpower Bill (H.R. 12132) be extended for one year only on an emergency basis. This will be the last time we shall ask your Committee to consider the District of Columbia Medical and Dental Manpower Bill.

On behalf of our institution, namely Georgetown University and George Washington University we state that we shall not again request a further extension of this legislation beyond Fiscal year 1977.

We are grateful for your support and counsel in our financial trial.

Sincerely,

That is signed by both the president of Georgetown University, R. J. Henle, S.J., and by the president of George Washington University, Lloyd H. Elliot.

In conclusion, Mr. Speaker, in light of the schools' contribution to the community and the Nation, the financial inability of the city to provide support this fiscal year, and most significantly, the schools' commitment both to seek other funding in the future and to provide greater opportunity for student residents of the District, passage of H.R. 12132 is appropriate at this time. I strongly support it and ask the committee to join with me in passage of H.R. 12132.

Mr. WHALEN. Mr. Speaker, I move to strike the requisite numbers of words.

Mr. Speaker, I rise in support of H.R. 12132, which extends the Distrirt of Columbia Medical and Manpower Act of 1970 for an additional year. The purpose of this bill is to continue for 1 more year the financial distress funding which we have provided in the form of Federal capitation grants for two of the District's private medical-dental schools, Geogetown and George Washington Universities. With the average annual cost of a medical education now well in excess of $12,650 per student, both the schools and the students are hard pressed to continue their programs, and could not do so without substantial Federal assistance. The grants provided in this legislation are to be in the minimum amounts necessary. They may not exceed, in fiscal year 1977, $5,000 per enrolled medical student and $3,000 per enrolled dental student. These amounts appear reasonable in view of the fact that the average State support of publicly operated medical schools is $6,973.

Most States which have private medical or dental schools provide financial assistance of this kind. My own State of Ohio, for example, provides on the average of $5,400 per student. The grants authorized by this bill can fairly be considered as a substitute for State funding available to those medical schools in other jurisdictions.

I think that it is also important to consider the fact that these two fine schools of medicine are valuable national as well as community resources. They operate emergency services on a 24-hour basis and contribute vital inpatient and outpatient facilities for both area residents and visitors from all of the States also, these two schools have also provided 10,775 doctors and dentists who are now practicing in 50 States and the District of Columbia. Moreover, 47 States and the District are represented by the present student bodies of the two schools.

In addition to these nationwide advantages, we also have the consideration of the "Federal presence" role of the District of Columbia and the added burden on all of the District's resources which this entails. Moreover, we are all by now aware of the difficult financial problems that the District now faces, and for which the Congress is now actively seeking viable solutions. Thus, it is simply unrealistic to expect the city to provide this funding at the present time, and there appears to be no chance that it will do so.

Finally, both Georgetown and George Washington expect to have in place a permanent long-term loan program by the fall of 1977 which will satisfy this present financial need. The presidents of both universities have stated in writing that they will not request a further extension of this legislation beyond fiscal year 1977.

In summary, Mr. Speaker, the District of Columbia is financially incapable of supporting these two vital medical and dental education and health care institutions. Without a temporary extension of the present District of Columbia Medical and Manpower Act, both schools may be required to close their doors. Inasmuch as both schools are committed to seek future financing through a student loan assistance program, I firmly believe that the extension of this funding legislation for 1 more year is in the best interests of this Federal community and the entire Nation.

Mr. MAZZOLI. Mr. Speaker, I move to strike the requisite number of words.

Mr. Speaker, this is a very awkward position for me to be in personally because I oppose this bill, H.R. 12132, a bill to extend the District of Columbia Medical and Dental Manpower Act of 1970.

That is like opposing the Fourth of July and apple pie, because how can one oppose a bill that is going to bring money to two very worthy institutions to provide medical and dental education?

Let me assure the House, first, that I have the highest regard for both of these institutions. They are great assets to our community and to our Nation. Furthermore, from a personal standpoint, my son is a student at Gonzaga High School which, of course, is operated by the Jesuit Fathers. So obviously, I have more than just a small amount of fealty to the Jesuits who also operate Georgetown University.

The original legislation in 1970 made available a maximum of $5,000 per medical student and a maximum of $3,000 per dental student to Georgetown and George Washington Universities.

The rationale for the legislation originally was that some other private medical/dental schools received financial assistance from their State governments.

There was no "State" for Georgetown and GW to appeal to—this was before home rule. Therefore, these schools had to go to Congress for comparable financial assistance.

It might be worth noting here that only 18 of the States—not counting the District of Columbia—provide financial assistance to private medical and dental schools.

Today, 9 private medical schools and 14 private dental schools receive no State aid whatsoever.

Also, it bears noting here: In an undated handout used by Reverend Collins of Georgetown and Dr. Alpert of George Washington, they allege that:

A majority of the 50 States currently provide financial assistance to private medical schools.

That is not correct.

Also, according to HEW figures the average per student assistance in those 18 States assisting their private medical/dental schools is $1,575.

The same undated handout alleges the per student aid exceeds $5,700.

In any event: In August 1974 the act was extended by Public Law 93-389 to cover fiscal years 1975 and 1976 at the same maximum per student levels.

This proposed 1-year extension would continue the same funding. A total of about $9 million.

Normally I would never harp about this drip in the fiscal bucket. But why do I oppose the bill?

In 1974, as chairman of the House District Subcommittee on Labor and Social Services, I chaired extensive hearings on the 2-year extension of this District of Columbia Manpower Act.

This year, I shifted committee assignments and had no contact with this subject matter until it was marked up at the full committee level, where I opposed it.

In this connection, on March 17, 1976, a letter from Reverend Collins of Georgetown and Dr. Albert of George Washington was sent to the Speaker and the majority leader urging support of the bill in which they stated the bill "unanimously" passed the District Committee.

That is not correct. The transcript of the markup in March 1, 1976 indicates a voice vote with both yeas and nays.

And, of course, I have filed dissenting views in the report accompanying this measure.

In 1974 my subcommittee recommended that the 2-year extension be granted but with certain conditions attached. The full committee concurred and the report (93-1200) accompanying H.R. 11108 stated that:

It is the intention of the committee that future subsidies (for these schools) should be sought through the District of Columbia appropriations procedures . . . the District Government hereafter will be in the best position to judge whether the schools' need is a justified demand on the city's limited resources.

Has the District of Columbia government adjusted this to be a justified demand on District of Columbia resources?

Mayor Washington's letter of May 15, 1975, to Father Henle, President of Georgetown, stated:

If funds for that purpose (subsidies for the schools) do become available, the District will most likely make the financial aid contingent on the training of District residents, and the provision of health services to the city . . . I regret that I cannot provide a more positive reply to your request.

District of Columbia Council Chairman Sterling Tucker's February 17, 1976, letter to the distinguished gentleman from California, Chairman of the Education, Labor, and Social Services Subcommittee stated:

. . . I find that that I cannot support the proposed extension of the Medical and Dental Manpower Act in in its present form. . . . If the current act is extended as proposed, there will be no role at all for the city government for one more year. . . . When other states offer financial support to private medical or dental schools, the States almost always see some benefits they hope to derive. . . . I see no good reason to depart from this practice here.

As a proponent of home rule for the District of Columbia, I support its right to decide on its internal spending priorities, especially when it had been the judgment of this House in passing the 1974 2-year extension that future operating subsidies for these two schools should come from District of Columbia government through the routine, regular appropriations process.

What is HEW's position.

I disagree with HEW quite a lot but not here.

In a letter—dated March 17, 1976—to the distinguished minority leader, Ms. Marjorie Lynch, Under Secretary of HEW, stated:

In summary we strongly oppose the bill because there are no overriding reasons for providing special Federal subsidies to two private medical schools and one private dental school in the District of Columbia through appropriations of the Department of Health, Education, and Welfare solely because these institutions are located in the District of Columbia. If such support is to be made avaiable to these schools, it should be provided through the budget of the District of Columbia.

To provide special Federal assistance to these District of Columbia schools is inequitable as regards other private medical and dental schools and continues an undesirable precedent encouraging other such schools to seek special Federal assistance.

The letter is very detailed. If anyone wishes to study it more closely, I have a copy at my table.

Well, what happens to the schools and these students if the bill fails.

Schools will continue to receive Federal financial assistance on the same basis as all the other medical schools do across the country.

Because of their unique positions—in the Nation's Capital—these two distinguished schools have enjoyed a distinct advantage over their counterparts at siphoning off Federal health-manpower dollars.

For example, under the "financial distress" provisions of the Comprehensive Health Manpower Training Act of 1971—which provisions expired in 1974—Georgetown and George Washington received over 40 percent of all the funding by HEW to all the private medical/dental schools in the Nation.

HEW—in testimony before the District Committee on February 17, 1976, stated that in fiscal year 1975 Georgetown University Medical School received $8.7 million from a number of federally sponsored programs—other than funds received under the District of Columbia Medical and Dental Manpower Act. This $8.7 million was more than 50 percent of all revenues received by Georgetown University Medical School.

Further, Georgetown University Medical School and George Washington University Medical School project that in fiscal year 1976 more than 50 percent of their revenues will come from various Federal sources—other than the District of Columbia Medical and Dental Manpower Act.

And, other programs to aid private medical/dental schools are pending now before the Congress.

Health Professions Education Amendments of 1975 (H.R. 1119)—would provide aid to all the Nation's medical/dental schools based on the number of students at $1,500 per student up to a total—nationwide—of $594 million.

H.R. 1119 would also authorize "financial distress funds" for all schools in dire straits, not just these two schools. This aid would be available for all schools in financial difficulty.

The President's budget calls for a $35 million scholarship program for students who agree to serve in "disadvantaged areas," and also the budget calls for an increase to $25,000 per student of the guaranteed student loan program. Again these would be available to all schools, not just these two schools.

All in all, I really do not believe there would be chaos at the schools absent this measure.

Well, then, what will happen to the students if the bill fails and a tuition increase occurs?

While I do feel sorry for young medical/dental students—they have a heavy financial burden—the financial rewards awaiting their entry in private or public practice are immense. Thus, they are in a favorable position to pay back student loans incurred to continue their studies.

For the record, here are a few of the programs available:

Public health scholarships provide $750 per month for 9 months of the year. In return, the student serves 1 year in the public health service for 1 year of aid.

Health professions student loans in amounts up to $3,500 per year can be repaid over 10 years at a 3-percent interest rate.

State medical society loans usually require a promise to return to work in the State residence.

Federally sponsored work study programs can provide up to $3,500 per year to medical/dental students.

Fellowships and traineeships are available from:

National Institute of Dental Research—NIH;

Division of Dental Health, Bureau of Health Manpower Education—NIH; and

National Center for Health Services Research and Development.

These generally provide full cost in return for services.

Veterans and social security benefits are also available.

The physicians shortage area scholarship provides $5,000 per year to students who will practice in a shortage area.

Aid is also available from numerous organizations such as: American Association of University Women; Association of American Women Dentists; American Dental Trade Association, student loan fund; W. K. Kellogg Foundation.

We cannot forget two other routes Georgetown and George Washington can take in the event the bill fails:

Economies can be effected at the schools—according to HEW—which will not hamper or reduce the quality of the programs at the schools.

Last, but not least, it is still not too late for the schools to gain inclusion in the District of Columbia budget, when that budget is reviewed by the Congress or when the District of Columbia Government prepares its annual supplemental budget.

The communications I have referred to are as follows:

HOUSE OF REPRESENTATIVES,
*Washington, D.C., April 9, 1976.*

DEAR COLLEAGUE: On March 17 we wrote to inform you of our reluctant opposition to H.R. 10377, the D.C. Medical and Dental Manpower Act.

It was then scheduled for floor action on March 22. However, H.R. 10377 was pulled from the agenda, re-introduced as H.R. 12132, and re-scheduled for floor action on April 12. The bill number has changed, but our reluctant opposition to it has not.

For your information we are enclosing a copy of our letter of March 17. In addition, we are attaching a letter from HEW to the House Minority Leader. We have underlined those portions of the HEW letter which specify its objections to passage of this bill.

Please be assured that neither Georgetown nor George Washington will "go under" if the House defeats this preferential bill. They will simply continue to receive financial aid on the same basis as do all other private medical and dental schools in the nation—like those in your district and in ours.

We believe that H.R. 10377 should not pass the House, even though we are sympathetic to the plight of these distinguished universities.

We shall present the details of our opposition when the measure reaches the Floor next week. We will try then to allay an understandable reticence to vote against what appears to be an "apple-pie" bill.

Sincerely,

ROMANO L. MAZZOLI,
*Member of Congress.*
FORTNEY H. "PETE" STARK,
*Member of Congress.*

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HOUSE OF REPRESENTATIVES,
*Washington, D.C., March 15, 1976.*

DEAR COLLEAGUE: It is our intention to oppose—albeit reluctantly—H.R. 10377, a bill to extend for one year the D.C. Medical and Dental Manpower Act.

This Act became law in 1970. In 1974 it was extended through Fiscal Year 1976. H.R. 10377 seeks yet another extension.

Basically the measure makes available financial assistance to George Washington and Georgetown Universities' medical schools and G.W.'s dental school. The bill would authorize a total of $9 million for this assistance.

The rationale for the legislation originally was that other private medical/dental schools could—and did—receive financial assistance from their state governments. There was no "state" for Georgetown and G.W. to appeal to (this was BHR: Before Home Rule). Therefore, these schools had to go to Congress for comparable financial relief.

We served together on the District Subcommittee which handled the 1974 bill. We supported the two year extension after receiving assurance from officials of the schools that future subsidies would be sought through the D.C. Appropriation procedure in keeping with the new era of Home Rule.

We phrased it this way in our Report (House Report 93-1200): "The District Government hereafter will be in the best position to judge whether the schools' needs is a justified demand on the city's limited resources."

So, why are two thoughtful Members opposing the Apple Pie—Fourth of July bill? Because the elected D.C. Government has decided that these school subsidies are not a "justified demand" on the city's resources. Mayor Washington's letter of May 15, 1975 to Georgetown President, Reverend R. J. Henle, S.J. and Council President Sterling Tucker's letter of February 17, 1976 reject aid to the schools.

True believers in Home Rule have to reject H.R. 10377. The elected D.C. Government does not support the bill.

Furthermore, if the denial by D.C. Government of aid to these schools was a ploy originating in the belief that a "compassionate" Congress would pick up the tab for another year, rejection of H.R. 10377 will bring a permanent end to this kind of maneuvering.

Please be assured that the demise of H.R. 10377 is not the demise of these fine medical/dental programs.

Economies can be made by the schools which will free-up money for essential programs. Student loan programs are available, there are several existing federal financial-aid programs which the schools could draw upon even more heavily than they do today—and, last but not least, it's still not too late for the schools to gain inclusion in the D.C. budget, when that budget is reviewed by the Congress or when the D.C. Government prepares their annual supplemental budget.

We will be presenting more detailed information when the bill reaches the floor—scheduled next week. In the meantime, please direct any questions you might have to Mike Nevens at 5-1615.

Sincerely,

ROMANO L. MAZZOLI,
*Member of Congress.*
FORTNEY H. "PETE" STARK,
*Members of Congress.*

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THE SECRETARY OF
HEALTH, EDUCATION, AND WELFARE,
*Washington, D.C., March, 17, 1976.*

Hon. JOHN J. RHODES,
*Minority Leader, House of Representatives, Washington, D.C.*

DEAR MR. RHODES: I understand that the House of Representatives will soon consider H.R. 12132, a bill which would extend for one year the District of Columbia Medical and Dental Manpower Act of 1970. I would like to take this opportunity to share with you and your colleagues our views with regard to this legislation.

The Department has testified and commented on the proposal at hearings held February 18, 1976, by the Subcommittee on Education, Labor, and Social Services of the House District of Columbia Committee. In summary, we strongly oppose the bill because there are no overriding reasons for providing special Federal subsidies to two private medical schools and one private dental school in the District of Columbia through appropriations of the Department of Health, Education, and Welfare solely because these institutions are located in the District of Columba. If such support is to be made available to these schools, it should be provided through the budget of the District of Columbia.

To provide special Federal assistance to these District of Columbia schools is inequitable as regards other private medical and dental schools and continues an undesirable precedent encouraging other such schools to seek special Federal assistance.

The Administration recently submitted to the Congress its proposed "Health Professions Education Amendments of 1975," to amend and extend the Title VII health professions education authorities through FY 1979. The Administration bill, H.R. 11119, would provide for capitation payments to medical and dental schools agreeing to undertake specified efforts to address high-priority problems of geographic and specialty maldistribution. In addition, the bill would authorize special project assistance for various kinds of special health manpower activities, including aid to health professions schools in serious financial straits. Through these and other provisions in the bill, we have offered a comprehensive, integrated approach to Federal support for health professions education, designed to achieve maximum impact within available resources.

Not only has the Administration proposed continued institutional support for health professions education, but the President's budget also proposes $35 million in service-related scholarships for which the D.C. schools' students can compete. In addition, we have recently sent to the Congress a proposal for amending the Guaranteed Student Loan Program for postsecondary students generally. These amendments would (among other changes) increase the amount of loans available to a student to an aggregate of $25,000 for high cost training and thus would assist medical and dental students in paying increased tuition costs and indirectly help meet the operating costs of medical and dental schools.

If the District of Columbia private schools need public operating support of the type provided by some States to private schools within their jurisdictions, we would respectfully suggest that this be provided through the budget of the District of Columbia government, which in this situation occupies a role analogous to that of a State government. The District government is in a position to judge whether the schools' asserted need for such support makes a compelling demand upon the city's financial resources. The District government also can assess the extent to which these schools contribute to the health manpower needs of the District.

Although we understand the problems of Georgetown University and George Washington University, we believe other medical and dental schools are addressing these problems without special Federal subsidies and thus there is no sufficient justification for special preferential Federal legislation of the kind under consideration.

We therefore strongly recommend that the

bill not receive favorable consideration by the House of Representatives.

We are advised by the Office of Management and Budget that there is no objection to the presentation of this report and that enactment of H.R. 12132 would not be consistent with the objectives of the Administration.

Sincerely,

MARJORIE LYNCH,
*Under Secretary.*

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GEORGE WASHINGTON UNIVERSITY,
SCHOOL OF MEDICINE,
GEORGETOWN UNIVERSITY,
SCHOOLS OF MEDICINE AND DENTISTRY,
*April 1, 1976.*

Hon. CHARLES C. DIGGS, Jr.,
Hon. GILBERT GUDE,
*U.S. House of Representatives,*
*Washington, D.C.*

DEAR MR. DIGGS AND MR GUDE: We wish to state unequivocably to you that our request is that the District of Columbia Medical and Dental Manpower Bill (H.R. 12132) be extended for one year only on an emergency basis. This will be the last time we shall ask your Committee to consider the District of Columbia Medical and Dental Manpower Bill.

On behalf of our institutions, namely, Georgetown University and George Washington University we state that we shall not again request a further extension of this legislation beyond Fiscal Year 1977.

We are grateful for your support and counsel in our financial trial.

Sincerely,

R. J. HENLE, S.J.,
*President, Georgetown University.*
LLOYD H. ELLIOTT,
*President, George Washington University.*

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

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

Mr. ASHBROOK. Mr. Speaker, I commend the gentleman for his excellent statement. This type of information should be spread on the RECORD and every Member in this body should be listening to it.

Mr. Speaker, I agree with the gentleman's position. I am not sure whether the problems of the Distict of Columbia are more related to the problems of the administration of the city or the problems of Congress. I have been here long enough that I could stand here for at least a half an hour and cite the number of times this Congress has appropriated funds to build the Kennedy Center or the RFK Stadium or the Visitors' Center and no more money is to be put in the program and once we are in the program, we get hooked. It is always the same.

Here is another classic example of that. This is the time, I think, to say no.

The SPEAKER pro tempore (Mr. O'NEILL). The time of the gentleman from Kentucky has expired.

(On request of Mr. DELLUMS and by unanimous consent Mr. MAZZOLI was allowed to proceed for 1 additional minute.)

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

Mr. MAZZOLI. I yield to the gentleman from California.

Mr. DELLUMS. First of all, in response to the gentleman's statement with respect to Mr. Tucker's letter, we have met that requirement by having the District of Columbia government and the appropriate personnel from the two learning institutions presently meeting together. That process is now continuing, in an effort to pin down a level of commitment with respect to the number of residents from this community that will be going to those schools.

Mr. MAZZOLI. I would say that the gentleman from California (Mr. DELLUMS) was a very eloquent proponent of the responsibility of these two schools to the District of Columbia residents, particularly black prospective students.

I would ask the gentleman, has his position and requests of 1974 been met in these ensuing 2 years?

Mr. DELLUMS. As the gentleman will recall, the two institutions asked for a 3-year extension in the first place. If my memory serves me correctly, it was the gentleman in the well who reduced it to 2 years. Now, they come back with this additional 1 year, and if it were not for that we would not be here.

The SPEAKER pro tempore. The time of the gentleman from Kentucky has again expired.

(On request of Mr. CARTER and by unanimous consent Mr. MAZZOLI was allowed to proceed for 2 additional minutes.)

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

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

Mr. CARTER. Mr. Speaker, I would like to ask the gentleman in the well, what is the tuition at George Washington?

Mr. MAZZOLI. I do not know the tuition at George Washington. I would assume it is something like $5,000.

Mr. CARTER. Yes, $5,000, I think, is correct. It is one of the highest in the country. Do they also receive capitation under the Health Manpower Act?

Mr. MAZZOLI. The gentleman from Kentucky is correct. They receive capitation grants.

Mr. CARTER. How much per student?

Mr. MAZZOLI. I cannot answer the gentleman.

Mr. CARTER. I believe that is in the neighborhood of $2,100 per year, and then in addition to that they are asking us for how much more money?

Mr. MAZZOLI. Possibly as much as $9 million; $5,000 per medical student and $3,000 per dental student.

Mr. CARTER. What is their reasoning behind this? Why do they have to have this money? Why is this school an exception which needs more money than, for instance, Duke or the University of Louisville or the University of Kentucky?

Mr. MAZZOLI. The gentleman from Kentucky states the exact core central question. What is the reason for adopting a preferential piece of legislation for two admittedly excellent schools, admittedly outstanding national institutions? Why make the preference? I asked the same rhetorical question in 1974 and the schools said, "If you give us two more years, we will make adjustments in our own program and go to the District of Columbia and make our pitch to them. Then there will be no need for this preferential legislation." But, I have not seen that take place.

Mr. CARTER. Are their expenses a great deal higher than other medical schools throughout the country?

Mr. MAZZOLI. There are two ways medical expenses can be charged, as the gentleman from Kentucky, Dr. CARTER, who is an outstanding physician and Member of Congress, knows. One is on distribution of all costs, and the other is distribution of those costs directly connected with the educational program. My understanding is that the costs are not extremely out of whack if we take direct costs of education.

Mr. CARTER. I want to thank my distinguished colleague from Kentucky for his excellent presentation.

Mr. GUDE. Mr. Speaker, I move to strike the requisite number of words.

Mr. Speaker, the sum total of our failure to pass this legislation today would be to make these two schools more and more places where only the wealthy, those of considerable means, can go to get a medical and dental education rather than schools where graduating doctors and dentists are people of all economic levels.

As far as money being available through student loans, as those who were present at the hearings will remember, the students themselves testified to the difficulty of obtaining loans, both from the Federal Government and from private lending institutions. They have literally exhausted these limited sources. In fact, Georgetown already leads all medical schools in the number of students who currently hold Public Health Service scholarships, of which there are only a very small number to serve all students nationwide.

Recent GAO studies, supported by data of the Association of American Medical Colleges, indicate that not only is it more expensive to go to medical school now than ever before but that, precisely because of the exorbitant costs, the percentage of wealthy medical students in each new class is greater with each new year.

Failure to enact this legislation is going to be one more step to open the doors of the medical schools wider to the wealthy and close them up to those of moderate and lower income.

The median family income of last year's new first-year students was over $21,000, which is well above the national average. I think this is an alarming trend. If it is allowed to continue, it is going to effectively eliminate low- and middle-class students from the pool of future doctors. Medical school will become more and more the haven of the wealthy.

Mr. Speaker, let me say that as far as the services of Georgetown and GW, either to the District of Columbia or on a national level, it is a fact that these two schools serve both, to the extent that they give services to the District of Columbia and to the extent that they give national service. In fact, these schools have graduates who come from all over

the United States. At the same time, they give services to the local community. And the City Council, if it was not so strapped for money for many other projects, I am sure would be willing to give a hand here.

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

Mr. GUDE. I yield to the gentleman from Massachusetts (Mr. CONTE).

Mr. CONTE. Mr. Speaker, the whole key here is that there are 1,900 students in both of these schools serving 47 States, 133 students from my State of Massachusetts alone. That is the key to this whole thing, is it not?

Mr. GUDE. Exactly.

Mr. CONTE. Mr. Speaker, I rise in support of the bill to extend the District of Columbia Medical and Dental Manpower Act of 1970 (H.R. 12132).

Fellow Members, the bill before us now is one that will have an effect on each and every State in the Union. The shortage of seats in medical and dental schools is a fact all are concerned with. Today, seven States have neither a medical or a dental college. Accordingly, these States and those which have an insufficient amount of available seats must rely on institutions like Georgetown and George Washington Universities to accommodate their students. At the present time, the 7 States that have no medical or dental schools have 207 practicing dentists and physicians who are graduates of the two fine universities.

At the present time, these 2 institutions have a student body of 1,900 representing 47 States and the District of Columbia. Surely no other medical or dental colleges can claim such a diverse representation among the States. My own State of Massachusetts has 133 students enrolled at these two institutions and is benefiting from 637 graduates who are in permanent practice in the commonwealth at this time. This is not an isolated incidence; however, Members from every one of the 50 States could recite the same statistics. Fellow Members, these statistics clearly demonstrate the national character of these schools.

The $5,000 per student support level is below the national average of per capita support by the States to their private medical and dental colleges. The range in per capita support is $3,000–$6,000 in New York to a high of $17,282 in Texas. Accordingly, it is most appropriate that the Congress continue its support of this program for at least one additional year. I should like to emphasize at least one additional year because I am advised from officials of both institutions that by fall of fiscal year 1977, Georgetown and George Washington Universities will have implemented a "permanent long term solution to their difficulties through a loan program that will take the place of this per capita program."

Fellow Members, I am privileged to sit on the House Appropriations Subcommittee on Labor-HEW. The need for this financial support to these institutions was made very clear. Without the support provided in this legislation, each student could be responsible for as much as $11,000 in tuition fees alone—this must not be. It may result in students having to foresake their medical and dental careers only because of lack of financial resources.

Fellow Members, I urge you to continue in your support for these two institutions for an additional year. By doing so, we benefit each and every State and territory by enabling these two fine institutions to continue to supply the Nation with the most capable physicians and dentists they have in the past.

Thank you, Mr. Chairman.

Mr. GUDE. Mr. Speaker, in regard to local services, as well as to the national clientele of those two institutions, I would like to point out that the Georgetown University Medical Center, among its many services, operates a psychiatric walk-in clinic, nurse-midwifery education program, hypertension program, dentistry clinics, and home care program for cancer patients of direct benefit to D.C. area residents and, in particular, inner-city residents.

Similarly, George Washington University is deeply involved in community services. Its hospital is specifically committed to the service of residents of D.C. Health Area 9, an area of 40,000 people, 17 percent of whom are at the poverty level. The hospital's emergency services and ambulatory care division serve tens of thousands of patients yearly.

Mr. Speaker, the thrust of this bill is to open wider the doors of medical schools here in the District to students of all economic levels, not just the wealthy. It is to keep these two unique institutions, which serve both at the national level and the local level, open and as thriving institutions.

The SPEAKER. The time of the gentleman from Maryland has expired.

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

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

Mr. GUDE. I yield to the gentleman from Kentucky (Mr. MAZZOLI).

Mr. MAZZOLI. I thank the gentleman for yielding.

I appreciate very much the gentleman's intelligent statement on the plight of those schools. I would like to just mention this, in order to put things in the proper frame of reference. In these 2 years since passage of the last extension, I think it is a matter of record that only 5.6 percent of all of the students in these two schools are black students, that only 4.1 percent of all of these students now are from the District of Columbia. So I wonder if the gentleman feels that there has been a discharge of this duty, which I fully concur in, to give some help to the disadvantaged student in getting into medical school.

Mr. GUDE. I would certainly say to the gentleman that at a national median income of families who have students in medical schools of $21,000, it is no wonder that these two institutions, which are in the same financial bind as medical schools all across the country, do not have many people of low and moderate income in training.

The SPEAKER pro tempore (Mr. O'NEILL). The time of the gentleman from Maryland (Mr. GUDE) has expired.

(On request of Mr. ASHBROOK and by unanimous consent, Mr. GUDE was allowed to continue for 2 additional minutes.)

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

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

Mr. ASHBROOK. Mr. Speaker, I was listening with great interest to what my friend and colleague, the gentleman from Maryland (Mr. GUDE), said. Possibly I misunderstand what this legislation would do.

The gentleman indicated there would be no problems with low-income and minority students if this bill did not pass, and that the medical school might become a haven for only the wealthy.

Is it the understanding of the gentleman in the well that this $5,000 per head only goes to needy students? I thought that it went to all students across the board.

Mr. GUDE. Mr. Speaker, it does go to all students across the board. I think we are interested in students who are just above the status of the needy student. We are interested in students from families with incomes between $15,000 and $18,000 that do not fall into the $21,000 national median range. I think we are all interested in all students across the board.

We do not want to make these schools havens for the poor, nor do we want to make them havens for the wealthy.

Mr. ASHBROOK. So, in other words, if a son or a daughter of the richest man in the country applied, we would still count that student in for $5,000?

Mr. GUDE. Certainly to the extent the schools are being supported, I think they would be supported across the board.

Mr. ASHBROOK. So really it does not just help the poor or the middle-income student, or it is not just related to them.

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

Mr. GUDE. I yield to the gentleman from Massachusetts.

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

Mr. DRINAN. Mr. Speaker, I want to commend the gentleman in the well, the gentleman from Maryland (Mr. GUDE), and associate myself with his remarks.

I think one of the key issues here is this simple fact: that 45 State governments do in fact give funds to medical schools in their own jurisdictions. These are funds beyond those which the Federal Government gives by way of a capitation grant. I think it is relevant, for example, that Kentucky gives almost $5,000 to each student.

Why, therefore, should these two medical schools, which are in a unique position, not benefit by legislation which virtually every State has adopted?

The fact is, Mr. Speaker, that the tuition at these two institutions will triple if no relief is given and student loans are not available. Unfortunately, the hear-

ings on this particular bill are not yet printed, but they demonstrate the urgency and the necessity for this legislation.

Finally, I think it is significant to note that 26 percent of the students in these two schools are from the District of Columbia, Virginia, and Maryland.

Mr. Speaker, I thank the gentleman for yielding.

Mr. MITCHELL of Maryland. Mr. Speaker, will the gentleman yield?

Mr. GUDE. I yield to the gentleman from Maryland.

Mr. MITCHELL of Maryland. Mr. Speaker, earlier today there was a discussion in which I believe my colleague, the gentleman from Kentucky (Mr MAZZOLI), stated that Mayor Washington is opposed to this legislation, as is the president of the City Council. I did not hear any Member contradict those statements.

Is this accurate, that the Mayor and the president of the City Council are both opposed to this legislation?

Mr. GUDE. To my knowledge, Mr. Speaker, the only opposition from the city government is on the grounds that this money might be expected to come out of its meager budget. The District government is presently strapped to take care of pensions and its many other obligations.

Beyond that, I know of no opposition to this legislation by anyone in the city government.

Mr. MITCHELL of Maryland. Mr. Speaker, I thank the gentleman.

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

Mr. GUDE. I yield to the gentleman from Florida.

Mr. ROGERS. Mr. Speaker, I thank the gentleman for yielding.

I think all of us feel that we wish this did not have to be done, but I think we must face up to the set of facts here and be practical. We certainly do not want two of the finest medical schools in the Nation to have to close their doors. I believe this is the alternative if we do not take some action to help them in this situation.

As I understand it from the committee, this is a 1-year extension. The services that these two universities are providing include not only training but many other programs, such as are set forth in the report. That should cause the Members to understand what is being carried on by these two universities, and taken alone, the emergency services that are provided for the city are most outstanding and necessary to continue.

Therefore, it is not only training, but it is also service to the whole community. The leadership that they are carrying on in research has been most outstanding.

The SPEAKER. The time of the gentleman from Maryland (Mr. GUDE) has expired.

(On request of Mr. ROGERS and by unanimous consent Mr. GUDE was allowed to proceed for one additional minute.)

Mr. ROGERS. Mr. Speaker, will the gentleman yield further?

Mr. GUDE. I yield to the gentleman from Florida.

Mr. ROGERS. Mr. Speaker, I would join with the gentleman in urging the House to vote for the bill and to maintain the two outstanding schools.

Mr. GUDE. Mr. Speaker, I thank the gentleman for his remarks, and I commend him as being one of the leaders in the House in the field of medical technology and medical research.

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

Mr. GUDE. I yield to the gentleman from Connecticut.

Mr. McKINNEY. Mr. Speaker, the Georgetown University Medical and Dental Schools and the George Washington Medical School have provided the Nation with quality doctors and dentists for many years. Graduates of these two schools serve in all 50 States, with 26 percent of them practicing in the Washington area. The two schools currently provide a number of crucial area health services including two health maintenance organizations, a psychiatric "walk-in" clinic, a midwifery program, a breast cancer screening program, a community mental health center, a hypertension program, a neighborhood nutrition program, and continuing education for the area's physicians, dentists, and nurses. All this is evidence of the Georgetown-George Washington contribution to this area's health manpower.

The financial difficulties of our schools of higher education are known to all of us, I am sure. The costs of college and graduate education have increased far beyond the means of most lower income and many middle income Americans. Nowhere is this so true as in the case of medical and dental schools. One national study indicated that the cost of a medical education was $12,650 per year in 1974. Adjusting for the rates of inflation in the two intervening years, this schooling might well cost as much as $15,300 now. The normal 4-year medical education would cost in the neighborhood of $60,000 which added to the current cost of an undergraduate education of around $24,000 adds up to a shocking $84,000 per student. This is a major investment for most individuals. If we concede that health care is a national problem, it seems appropriate that some public funds be made available to finance the education of the most important part of health care, the health care professional.

Most other States provide State subsidies to their medical and dental schools as the public investment in the education of future physicians and dentists. However, these two schools, which serve a national constituency, have no State to call on to provide such public subsidy. As a member of the District Committee's Subcommitee on Fiscal Affairs, I can assure my colleagues that there is no money to spare in the District budget to provide for these much needed medical and dental students. In this case, I believe it is entirely correct for the Federal Government to step in to provide the transitional funding these schools need until some sort of arrangement can be worked out with the District government, and until the District government is placed on a sound enough financial footing to help subsidize the public portion of these costs.

Questions have arisen as to whether ample consultation with the District government was made before coming to Congress for this extension. However, a year's worth of consultation would not have been enough to get the necessary funding from a strapped District government. Both schools have provided written assurances that this is the last year that they would approach Congress for funding through the District of Columbia medical and dental manpower bill and that future financing would be done through student loan assistance programs.

I would urge my colleagues to support this emergency measure which would provide temporary assistance to two truly national resources.

Mr. Speaker, I would just like to say to the gentleman from Maryland (Mr. GUDE) that I think all of us are sorry to bring this back for 1 more year.

However, if the other body had passed the comprehensive Health Manpower Training Act that the House of Representatives had passed, I think that this probably would not be a necessary factor, but right now we simply cannot load all of the unfunded pension programs which Congress provided plus the first year of home rule plus this other factor on top of the District of Columbia Government itself.

I suggest that when this comprehensive bill is passed by both bodies, I would not stand up here and ask for another year's aid, but it is vitally needed now and it is an emergency measure, and the House has had ample experience as to why it is necessary.

Mr. FAUNTROY. Mr. Speaker, I move to strike the requisite number of words.

Mr. Speaker, I rise in support of H.R. 12132, a bill to extend for 1 year the District of Columbia Medical-Dental Manpower Act of 1970. Without an extension, tuition costs for students attending Georgetown and George Washington Medical Schools will rise to an excess of $10,000 per academic year. This will mean that more than half of those who are presently attending these schools may be forced to drop out. These students are from every sector of this country attending medical schools which are a vital component in the supply of physicians and dentists in our Nation.

The schools which this legislation would aid are, of course, a local benefit. They employ more than 12,000 persons and contribute generally more than $250 million annually to the economy. The students contribute to the quality of health in our hospitals by working while they learn, as they must in any qualified clinical medical program. The District of Columbia has reciprocated as best it can through favorable tax treatment of the lands and other resources as well as in support of their general activities. The

city is not, however, able to fund medical education by direct capitation grants. Neither should the city be asked to do this since these schools are a national resource as well as a local resource.

These two schools are among the finest of medical schools in the country. They have full-time faculties, excellent teaching and research facilities, and their own hospitals. They have programs devoted to the teaching and practice of community, family practice, and emergency medicine. Their equipment and the resources upon which they draw provides not only the present-state-of-the-healing-arts for their patients, they provide their students with a standard and a commitment for excellence in the practice of medicine.

Such an undertaking is not inexpensive. A school which has a full-time faculty must pay adequate salaries to attract good professors who might otherwise earn substantial salaries in private practice. Good schools must undertake research because students and professors must continuously seek to improve the art of healing. Students who return to communities to practice medicine must know what current trends are being explored, and they must know that the standard of practice in their communities will be measured in terms of the standard of practice available at major and important teaching facilities in our country.

It has been suggested that perhaps we can cut costs by cutting out some of these programs. I do not believe that this Congress wants to suggest that medical education should not proceed at a standard of excellence. We must face the fact that medical education is expensive, and we must decide whether or not we will continue to keep the commitments we have made that permit the average individual, who is not wealthy, to seek and obtain a medical education.

The fact is, of course, that if tuition at these schools rise to the anticipated $10,000 to $12,000, the seats will be filled. These schools, however, do not wish to be the haven for the wealthy. They are interested in teaching quality medicine to all persons who qualify for enrollment. A rise in tuition will mean a change in the emphasis of the kinds of medicine taught. The excellent programs in community medicine, family practice, urban practice, and emergency medicine would probably cease to exist.

We simply cannot expect students who will be paying $50,000 or more for an education to be interested or responsive to the concerns of our city or of our poor or even, indeed, of quality medicine, now or in the future. Their concern will come only to the extent that we evidence a concern for them in making it possible for those with moderate means to attend medical school.

Neither must we not permit our Nation's Capital to have schools which can only be attended by the wealthy. To that extent, your committee has taken steps to assure that these institutions are embarking upon programs which will assure attendance by residents of the District of Columbia, by minorities, and by those of moderate means. For these worthy goals to be accomplished, however, will require our aid—our support—through this legislation.

I yield back the balance of my time.

Mr. BIAGGI. Mr. Speaker, I move to strike the requisite number of words.

Mr. Speaker, I rise in support of the bill.

I do not regard the opposing arguments as sufficiently valid to warrant a negative vote. The fact of the matter is that the medical schools are necessary, and we would jeopardize the existing schools by not passing this bill. Even more importantly, we jeopardize the tuition rates. It is my understanding that failure of passage of this bill will mean that the tuition rates will be trebled from $5,000 to $15,000.

The gentleman from Maryland (Mr. GUDE) made it very clear that the medical profession will become the preserve of the wealthy in that case, but I have a question.

Mr. Speaker, I have conducted a survey of all of the medical schools in the country for the purpose of determining whether or not there has been any discrimination practiced against particular people, and I received, for the most part, very indepth and serious cooperation, with one exception. That exception is Georgetown.

Mr. Speaker, I address that remark to the chairman, the gentleman from Michigan (Mr. DIGGS), and I would like for the record to have the gentleman respond.

Mr. DIGGS. Mr. Speaker, if the gentleman will yield, the university does not have a breakdown beyond what is normally defined as minority groups; but from the figures provided me for those groups; namely, women and blacks, there are 317 females and 71 black Americans enrolled at the school. Some 21 are from the District of Columbia.

Mr. Speaker, from what I know to be their continuing commitment to the objectives that the gentleman is interested in, I believe that the ethnic diversity at the university follows and meets affirmative action guidelines.

Mr. BIAGGI. Mr. Speaker, I thank the gentleman from Michigan for his response.

The university did not have the decency to return a copy of their roster, as requested, while every other medical school did. It is this lack of cooperation that sometimes calls into question the arrogance of some administrators.

Mr. Speaker, I, of course, support the bill because we are talking about something more serious than personal pique. Let us not forget that it was not too long ago that we appropriated millions of dollars for a new military medical school. The same justification applies today. We cannot permit the educational and medical professions to be hampered in providing physicians for the needy of our Nation.

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

Mr. BIAGGI. I yield to the gentleman from Virginia.

Mr. HARRIS. Mr. Speaker, I rise in support of the bill and join with my chairman and the other members of the committee in the House in supporting this bill.

It is truly an emergency measure. There would be dire consequences as far as medical training in this area is concerned if the bill did not pass.

Mr. Speaker, I urge my colleagues to support this bill.

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

Mr. BIAGGI. I yield to the gentleman from California.

Mr. KETCHUM. Mr. Speaker, I rise in support of the bill and join with my chairman and the other members of the committee in urging the House to support this bill. It is truly an emergency measure. We would have dire consequences as far as medical training in this area is concerned if this bill did not pass and again I urge my colleagues to support the measure.

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

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

Mr. MAZZOLI. Mr. Speaker, I thank the gentleman for yielding to me and I would like to ask the gentleman from Michigan (Mr. DIGGS) the chairman of the Committee on the District of Columbia what his attitude would be if we were to be in the same position I am in today as to what the response would be of the chairman of our committee to the receipt of a further request next year from the University of Georgetown and GW for another 1-year extension of the bill.

Mr. DIGGS. Mr. Speaker, if the gentleman will yield, I can assure the gentleman from Kentucky that I take literally the communication that was sent to the committee, addressed to me, signed by the president of both of these universities that the extension is merely for 1 year and that they will not return under any circumstances for a further request, and therefore I would be in the same position the gentleman from Kentucky presently is in.

Mr. MAZZOLI. Mr. Speaker, if the gentleman will yield still further, I would like to direct a question to the gentleman from California (Mr. DELLUMS) and that would be what his response would be to the same question that I directed to the chairman of our committee, the gentleman from Michigan (Mr. DIGGS), as to what the gentleman would expect would happen a year from now were we then to be in the same position I am now and a request came in for another extension.

Mr. DELLUMS. Mr. Speaker, if the gentleman would yield, I would respond to the gentleman's inquiry in the same vein as did the distinguished chairman of our committee, the gentleman from Michigan (Mr. DIGGS), and that is that I too take literally the statement made in the letter that was signed by the presidents of both Georgetown and George Washington Universities that they would not under any circumstances ask us for any additional money beyond this ex-

tension of fiscal year 1977. I would assume those gentlemen were telling the truth. My response would be that I would not look with favor upon going beyond the time that is covered in this request.

The SPEAKER. The time of the gentleman has expired.

Mr. NOWAK. Mr. Speaker, I rise in support of H.R. 12132, an emergency bill to extend for 1 year the authorization for subsidy payments to the Georgetown University Schools of Medicine and Dentistry and the George Washington University School of Medicine.

The presidents of both these institutions have stated that, without this legislation these schools could not continue in operation. The schools have a total of 1,900 students from 47 States, including 472 from my home State of New York.

The total maximum cost of this bill for fiscal 1977 is estimated at approximately $9 million. The funds are provided by the Department of Health, Education, and Welfare under a formula of up to $5,000 per medical student enrolled and $3,000 per enrolled dental student.

Both Father Henle, the president of Georgetown, and Dr. Elliott, the president of GW University, have pledged that it is their "universities' determined commitment" to seek future financing through a student loan assistance program. They intend to have that program in place by fiscal 1978. They have also pledged to work with the District Council and Mayor Washington to arrive at a specific formula to increase the number of District students enrolled in these schools.

I urge the House to approve this needed interim financial assistance.

Mr. BIESTER. Mr. Speaker, I rise in support of the bill H.R. 12132 extending for 1 year the District of Columbia Medical and Dental Manpower Act.

As previous speakers have described, the legislation provides grants of up to $5,000 per medical student and up to $3,000 per dental student to the medical and dental schools at Georgetown and George Washington Universities, entailing an authorization of approximately $9 million.

Neither as a governmental entity under congressional control nor now as a more independent unit with the advent of home rule does the city of Washington have the financial resources necessary to assist these private institutions in offsetting the rising costs of educating their students. While it is not an uncommon practice for State governments to provide some form of State aid to such medical institutions—and 16 of the 27 States with private medical schools do—we all are aware that the District of Columbia presently is not in a financial position to be of similar assistance. The city simply does not have the money and neither do the schools. Expecting the universities somehow to absorb the difference between tuition and the actual costs of education, or to double tuition or to cut back drastically on enrollment are, it seems to me, unrealistic alternatives.

In supporting this legislation I do so with an attitude which I believe is shared by many of my colleagues on the District of Columbia Committee: That these institutions are in a rather unique position for which some special consideration can be argued and that an "emergency" situation exists which warrants a limited but immediate response from Congress.

By reason of their location in the Nation's Capital in proximity to NIH and other government health facilities and on the basis of the recognized high quality education they provide, these institutions attract students from across the country—48 states are represented in the enrollments—and they contribute to the advancement of the medical sciences and the profession in especially valuable ways. At the same time they are looked upon to contribute meaningfully to the furtherance of basic health services and career opportunities here in the community in which they are located. Perhaps more than any other medical and dental complexes, these schools have heavy demands placed upon them simultaneously as both national and local resources. During the time a student resides in the city, the area benefits from his presence. Upon graduation, however, he probably will relocate elsewhere. To the city, then, each individual student is likely to be only a temporary resource. Collectively, however, the students provide continuous and critical health manpower services to the metropolitan area. To reject the schools appeal would jeopardize the physical health of the city and impair the quality of medicine in our country.

In agreeing to continue this act for another year I am influenced by a number of factors.

The schools rank among the very highest in the nation in tuition charged. They have reluctantly, I am certain, but realistically increased their tuition in an attempt to keep pace with the rising costs of their specialized education. Their most recent increases of up to 150 percent place them at what must be the limits of what they can charge without imposing a totally impossible financial burden on their students.

In terms of the quality of the facilities and the education they provide these schools are among the best in the country. This is not achieved at small cost, and it is my impression that both universities have pursued the goal of excellence in an administratively and financially resourceful manner.

As institutions located in a city with a near insatiable demand for improved and expanded health services, Georgetown and George Washington have ongoing programs providing medical and dental care to those in the community who cannot afford the costs. By way of direct involvement with patients and through affiliation with other hospitals and health agencies, the schools and their students are demonstrating a significant commitment to the people of the community at large. With the very real need for more ambitious outreach programs in the city to bring medical personnel and the needy together, I do not doubt but that these schools can do more, and I hope we can count on them to further their service to area residents.

Despite the District of Columbia governments inability to contribute toward the full financial assistance needed by the schools which Congress has made available through this act, I do not believe it is unreasonable to look to the city for some manner of concrete acknowledgment for the health services its citizens realize from the universities. In this regard it is encouraging to note that the schools and the District of Columbia government have initiated prospective plans whereby the city government will contribute to the tuitions of those District of Columbia residents accepted by these medical/dental schools. With the schools earmarking slots for local students and planning to increase awareness of health programs and career opportunities for those in the city, it seems to me that a more cooperative and productive mutual relationship can be fostered between the schools and the residents of Washington.

In my own evaluation whether this legislation should be adopted, I believe it must be made abundantly clear, as the schools have been told, that this is the last time—and I stress, the last time—they can expect to come before Congress for a continuation of this act. School officials have stated verbally and in writing their complete understanding and acceptance of this fact. It is an emergency extension for 1 year. The solution to the problem, hopefully, will be found in the approach being pursued which would establish a tuition loan assistance plan with Federal guarantees and payment of interest or repayment of financial assistance through service in underserved health areas.

I fully understand the reservations which have been expressed regarding this legislation. But because sincere efforts are being made to ameliorate what has become a difficult situation and because this is the final year for the authorization, I hope my colleagues will join in supporting a 1-year extension of this investment in the pursuit of quality health care in this city and nation.

Mr. BOLAND. Mr. Speaker, I urge support for H.R. 12132. I think all of us know what it means to these medical and dental students to have this bill passed. However, we must also consider what it means to the people of the District of Columbia to have the bill passed. The conference report states that at least six of the District's nine service areas lack sufficient physician manpower to serve the needs of individuals in those areas. Some areas are severely deficient in physician services. We should not allow this situation to continue in the Nation's Capital. This bill is one step toward alleviating that situation. Without the aid it authorizes, there may well be more than six areas that are underserviced.

The medical institutions that are funded by this bill—Georgetown and George Washington—provide valuable and needed medical and dental services to the people of the District. Without the funding provided by this bill, these services will be greatly curtailed. This bill is an emergency measure. The situation of these two schools is unique because of their location in the District of Columbia. Without the relief provided by this bill,

they could not continue to operate. We handled the same problem last year by authorizing the legislation we now seek to extend. This is the last time that such a bill will be necessary. It is also of crucial importance to these two schools and to the District. I think we must treat the situation as an emergency and move as quickly as possible to insure passage of H.R. 12132. I urge that my fellow Members pass this vital bill.

Mr. DIGGS. Mr. Speaker, I move the previous question on the bill.

The previous question was ordered.

The SPEAKER. The question is on the engrossment and third reading of the bill.

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

The SPEAKER. The question is on the passage of the bill.

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

Mr. ASHBROOK. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 264, nays 90, answered "present" 1, not voting 78, as follows:

[Roll No. 189]

YEAS—264

| | | |
|---|---|---|
| Abdnor | Cotter | Hays, Ohio |
| Abzug | Coughlin | Hechler, W. Va. |
| Adams | D'Amours | Heckler, Mass. |
| Addabbo | Daniels, N.J. | Hefner |
| Allen | Danielson | Helstoski |
| Ambro | Davis | Hicks |
| Anderson, Calif. | Delaney | Hightower |
| Anderson, Ill. | Dellums | Hillis |
| Andrews, N.C. | Dent | Holt |
| Andrews, N. Dak. | Derrick | Holtzman |
| Annunzio | Derwinski | Horton |
| Armstrong | Diggs | Howard |
| Ashley | Dodd | Howe |
| Aspin | Downey, N.Y. | Hughes |
| Baldus | Downing, Va. | Hungate |
| Baucus | Drinan | Hyde |
| Beard, R.I. | Eckhardt | Jacobs |
| Bedell | Edgar | Jeffords |
| Bennett | Edwards, Calif. | Jenrette |
| Bergland | Eilberg | Johnson, Calif. |
| Biaggi | Emery | Johnson, Colo. |
| Biester | Evans, Colo. | Jones, Okla. |
| Bingham | Fary | Jordan |
| Blanchard | Fascell | Karth |
| Blouin | Fenwick | Kasten |
| Boggs | Fish | Kastenmeier |
| Boland | Fisher | Kazen |
| Bonker | Flood | Kemp |
| Bowen | Florio | Keys |
| Brademas | Foley | Koch |
| Breaux | Ford, Mich. | Krebs |
| Brodhead | Forsythe | Krueger |
| Brooks | Fountain | LaFalce |
| Broomfield | Fraser | Lagomarsino |
| Brown, Calif. | Fuqua | Leggett |
| Brown, Ohio | Gaydos | Lent |
| Broyhill | Giaimo | Litton |
| Buchanan | Gilman | Lloyd, Calif. |
| Burgener | Gonzalez | Long, La. |
| Burke, Mass. | Goodling | Long, Md. |
| Burton, Phillip | Gude | Lundine |
| Butler | Guyer | McClory |
| Byron | Hagedorn | McCormack |
| Carney | Hall | McDade |
| Carr | Hammer-schmidt | McFall |
| Clay | Hanley | McKinney |
| Cohen | Hannaford | Madden |
| Conable | Harkin | Madigan |
| Conte | Harrington | Maguire |
| Corman | Harris | Mahon |
| | Hawkins | Mann |
| | | Matsunaga |
| Meeds | Peyser | Smith, Iowa |
| Metcalfe | Pressler | Solarz |
| Meyner | Preyer | Spellman |
| Mezvinsky | Price | Staggers |
| Mikva | Pritchard | Stanton, J. William |
| Miller, Calif. | Quie | Steiger, Wis. |
| Mills | Railsback | Stephens |
| Mineta | Rangel | Stokes |
| Minish | Regula | Stratton |
| Mink | Reuss | Stuckey |
| Mitchell, Md. | Richmond | Studds |
| Mitchell, N.Y. | Riegle | Sullivan |
| Moakley | Rinaldo | Talcott |
| Moffett | Rodino | Taylor, N.C. |
| Mollohan | Roe | Thompson |
| Moorhead, Pa. | Rogers | Thone |
| Morgan | Roncalio | Thornton |
| Mosher | Rooney | Traxler |
| Moss | Rose | Tsongas |
| Murphy, Ill. | Rostenkowski | Van Deerlin |
| Murphy, N.Y. | Roybal | Vander Veen |
| Murtha | Ruppe | Vanik |
| Myers, Pa. | Russo | Walsh |
| Natcher | Ryan | Whalen |
| Neal | St Germain | Whitten |
| Nolan | Santini | Wiggins |
| Nowak | Sarasin | Wilson, C. H. |
| Oberstar | Schroeder | Winn |
| Obey | Sebelius | Wirth |
| O'Brien | Seiberling | Wolff |
| O'Neill | Sharp | Wydler |
| Ottinger | Shipley | Yates |
| Passman | Shriver | Yatron |
| Patterson, Calif. | Sikes | Young, Ga. |
| Pattison, N.Y. | Simon | Zablocki |
| Perkins | Sisk | Zeferetti |
| Pettis | Skubitz | |
| | Slack | |

NAYS—90

| | | |
|---|---|---|
| Alexander | Fithian | Mottl |
| Archer | Frenzel | Myers, Ind. |
| Ashbrook | Frey | Nichols |
| Bafalis | Ginn | Paul |
| Bauman | Goldwater | Pike |
| Beard, Tenn. | Gradison | Poage |
| Brinkley | Grassley | Quillen |
| Brown, Mich. | Haley | Risenhoover |
| Burke, Fla. | Hamilton | Robinson |
| Burleson, Tex. | Hansen | Rousselot |
| Burlison, Mo. | Hubbard | Runnels |
| Carter | Hutchinson | Satterfield |
| Cederberg | Jarman | Schneebeli |
| Chappell | Jones, N.C. | Schulze |
| Clancy | Kelly | Shuster |
| Clausen, Don H. | Ketchum | Smith, Nebr. |
| Clawson, Del | Latta | Snyder |
| Cleveland | Levitas | Spence |
| Cochran | Lloyd, Tenn. | Steed |
| Collins, Tex. | Lott | Steiger, Ariz. |
| Daniel, Dan | McCollister | Symms |
| Daniel, R. W. | McDonald | Taylor, Mo. |
| Devine | Martin | Teague |
| Dickinson | Mathis | Treen |
| Duncan, Oreg. | Mazzoli | Vander Jagt |
| Duncan, Tenn. | Milford | Waggonner |
| Edwards, Ala. | Miller, Ohio | Wilson, Bob |
| English | Montgomery | Wylie |
| Erlenborn | Moore | Young, Fla. |
| Findley | Moorhead, Calif. | Young, Tex. |

ANSWERED "PRESENT"

Rosenthal

NOT VOTING—78

| | | |
|---|---|---|
| AuCoin | Green | Pepper |
| Badillo | Harsha | Pickle |
| Barrett | Hayes, Ind. | Randall |
| Bell | Hébert | Rees |
| Bevill | Heinz | Rhodes |
| Bolling | Henderson | Roberts |
| Breckinridge | Hinshaw | Roush |
| Burke, Calif. | Holland | Sarbanes |
| Burton, John | Ichord | Scheuer |
| Chisholm | Johnson, Pa. | Stanton, James V. |
| Collins, Ill. | Jones, Ala. | Stark |
| Conlan | Jones, Tenn. | Steelman |
| Conyers | Kindness | Symington |
| Cornell | Landrum | Udall |
| Crane | Lehman | Ullman |
| de la Garza | Lujan | Vigorito |
| Dingell | McCloskey | Wampler |
| du Pont | McEwen | Waxman |
| Early | McHugh | Weaver |
| Esch | McKay | White |
| Eshleman | Macdonald | Whitehurst |
| Evans, Ind. | Melcher | Wilson, Tex. |
| Evins, Tenn. | Michel | Wright |
| Flowers | Nedzi | Young, Alaska |
| Flynt | Nix | |
| Ford, Tenn. | O'Hara | |
| Gibbons | Patten, N.J. | |

The Clerk announced the following pairs:

Mr. Hébert with Mr. Bell.
Mr. John Burton with Mr. Harsha.
Mr. Badillo with Mr. Rhodes.
Mr. Melcher with Mr. Conlan.
Mr. Jones of Tennessee with Mr. Steelman.
Mr. Holland with Mr. Heinz.
Mr. Green with Mr. Crane.
Mr. Hayes of Indiana with Mr. du Pont.
Mr. Patten with Mr. Johnson of Pennsylvania.
Mr. Pepper with Mr. Whitehurst.
Mr. Reese with Mr. McCloskey.
Mr. James V. Stanton with Mr. Esch.
Mr. Stark with Mr. McEwen.
Mr. Vigorito with Mr. Young of Alaska.
Mr. White with Mr. Lujan.
Mr. Wright with Mr. Eshleman.
Mr. Waxman with Mr. Randall.
Mrs. Chisholm with Mr. Scheuer.
Mrs. Burke of California with Mr. Udall.
Mr. Barrett with Mr. Wampler.
Mr. Ichord with Mr. Kindness.
Mr. Macdonald of Massachusetts with Mr. Cornell.
Mr. McHugh with Mr. Ford of Tennessee.
Mr. Nix with Mr. Jones of Alabama.
Mr. Nedzi with Mr. Landrum.
Mr. Weaver with Mr. Ullman.
Mr. Roberts with Mr. Charles Wilson of Texas.
Mr. Pickle with Mr. Michel.
Mr. O'Hara with Mr. McKay.
Mr. Bevill with Mr. Conyers.
Mr. de la Garza with Mrs. Collins of Illinois.
Mr. Flowers with Mr. Dingell.
Mr. Flynt with Mr. Evins of Tennessee.
Mr. AuCoin with Mr. Early.
Mr. Evans of Indiana with Mr. Sarbanes.
Mr. Roush with Mr. Henderson.
Mr. Symington with Mr. Breckinridge.

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

## GENERAL LEAVE

Mr. DIGGS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill (H.R. 12132) just passed.

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

There was no objection.

## PROHIBITING THE UNLAWFUL USE OF A RENTED MOTOR VEHICLE

Mr. DIGGS. Mr. Speaker, by direction of the Committee on the District of Columbia, I call up the bill (H.R. 10826) to amend the act establishing a code of law for the District of Columbia to prohibit the unauthorized use of a motor vehicle obtained under a written rental or other agreement, and ask unanimous consent that the bill be considered in the House as in the Committee of the Whole.

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

There was no objection.

The Clerk read the bill, as follows:

H.R. 10826

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 826b of the Act entitled "An Act to establish

a code of law for the District of Columbia", approved March 3, 1901 (D.C. Code, sec. 22–2204), is amended to read as follows:

"SEC. 826b. UNAUTHORIZED USE OF A VEHICLE.—(a) Any person who, without the consent of the owner, shall take, use, operate, or remove or cause to be taken, used, operated, or removed, from a garage, stable, or other building, or from any place or locality on a public or private highway, park, parkway, street, lot, field, enclosure, or space, a motor vehicle, and operate or drive or cause the same to be operated or driven for his own profit, use, or purpose shall be punished by a fine not exceeding $1,000 or imprisoned not exceeding five years, or both such fine and imprisonment.

"(b)(1) It shall be a violation of this subsection for any person, after renting, leasing, or using a motor vehicle under a written agreement which provides for the return of the vehicle to a particular place at a specified time, to knowingly fail to return the vehicle to such place (or to any authorized agent of the party from whom the vehicle was obtained under the agreement), within eighteen days after written demand is made for its return, if the conditions set forth in paragraph (2) are met. Any person who violates this subsection shall be fined not more than $1,000 or imprisoned not more than three years, or both.

"(2) The conditions referred to in paragraph (1) are as follows:

"(A) The written agreement under which the motor vehicle is obtained contains the following statement: 'WARNING—failure to return this vehicle in accordance with the terms of this rental agreement may result in a criminal penalty of up to three years in jail'. Such statement shall be clearly and conspicuously printed in a contrasting color, set off in a box, and signed by the person obtaining the motor vehicle in a space specially provided.

"(B) There is clearly and conspicuously displayed on the dashboard of the motor vehicle the following notice: "NOTICE—failure to return this vehicle on time may result in serious criminal penalties.'.

"(C) The party from whom the motor vehicle was obtained under the agreement makes a written demand for the return of the vehicle, either by actual delivery to the person who obtained the vehicle, or by deposit in the United States mails of a postpaid registered or certified letter, return receipt requested, addressed to such person at each address set forth in the written agreement or otherwise provided by such person. Such written demand shall clearly state that failure to return the vehicle may result in prosecution for violation of the criminal law of the District of Columbia punishable by up to three years in jail. Such written demand shall not be made prior to the date specified in the agreement for the return of the vehicle, except that, if the parties or their authorized agents have mutually agreed to some other date for the return of the vehicle, then such written demand shall not be made prior to such other date.

"(3) This subsection shall not apply in the case of a motor vehicle obtained under a retail installment contract as defined in paragraph (9) of the first section of the Act of April 22, 1960 (D.C. Code, sec. 40–901(9)).

"(4) It shall be a defense in any criminal proceeding brought under this subsection that a person failed to return a motor vehicle for causes beyond his control. The burden of raising and going forward with the evidence with respect to such defense shall be on the person asserting it. In any case in which such defense is raised, evidence that the person obtained the vehicle by reason of any false statement or representation of a material fact, including a false statement or representation regarding his name, residence, employment, or operator's license, shall be admissible to determine whether the failure to return such vehicle was for causes beyond his control.

"(c) For the purposes of this section the terms 'motor vehicle' and 'vehicle' mean any automobile, self-propelled mobile home, motorcycle, truck, truck tractor trailer (with a gross weight in excess of two thousand pounds), or bus.".

With the following committee amendment:

On page 4, beginning in line 19, strike out "truck tractor trailer (with a gross weight in excess of two thousand pounds)," and insert in lieu thereof "truck tractor, truck tractor with semi or full trailer.".

The committee amendment was agreed to.

Mr. DIGGS. Mr. Speaker, I move to strike the last word.

Mr. Speaker, the purpose of H.R. 10826 is to fill a gap in existing law in the District of Columbia relating to the unauthorized use of motor vehicles (D.C. Code, Title 22, Sec. 2204) so as to permit more effective prosecution for unlawful use of rented motor vehicles in the District. This bill, if enacted into law, would promulgate for the District a vehicle conversion law similar in substance or effect to statutes in force in many States throughout the country.

MAJOR PROVISIONS OF THE BILL

Section 826b of the act of 1901 to establish a code of law for the District of Columbia is amended as follows:

Subsection (a) reenacts existing law, which makes it a crime for a person to take or use a motor vehicle without the owner's consent.

Subsection (b) is new law, which makes it a crime for a person who rents, leases, or uses a motor vehicle under a written agreement, to knowingly fail to return the vehicle within 18 days after written demand is made for its return, provided certain conditions have been met. These conditions, designed to protect honest lessees, are as follows: the written agreement must contain a conspicuous notice that failure to return the vehicle may result in serious criminal penalties; the vehicle dashboard must contain a similar notice; the lessor must make a written demand for return of the vehicle, either by actual delivery to the lessee or by registered mail, and such written demand must contain a similar notice. Application of the act to only those who knowingly fail to return the vehicle, is intended to exclude those cases in which the failure was due to mistake, inadvertence or accident. This subsection also establishes a defense that the failure to return the vehicle was for causes beyond the lessee's control.

Subsection (c) defines motor vehicle to mean any automobile, self-propelled mobile home, motorcycle, truck, truck tractor, truck tractor with semi or full trailer or bus.

NEED FOR THE LEGISLATION

This legislation is needed in order to provide the criminal justice system in the District of Columbia with the specifics with which to prosecute against the serious abuses of motor vehicle rental agreements in the District, namely, failure to return rented motor vehicles at the end of the contract rental period. Typically, the vehicle is initially rented pursuant to normal procedures, but it is subsequently converted to use of the lessee, who has no real intention of returning the vehicle to its owner.

Conversion of property belonging to another person is a purely statutory offense, not a crime under the common law. The existing District of Columbia statute dealing with unauthorized use of motor vehicles (D.C. Code, title 22, sec. 2204) is what is commonly known as a "joyriding" statute, because it makes it a felony to take or use a motor vehicle without the consent of the owner even though the user may have no intent to permanently deprive the owner of his vehicle. This statute has been found in several court decisions to be inadequate for prosecution of vehicle rental agreement violations. It was enacted in 1913, long before car rental abuses became a problem. It was not designed to reach a person who initially takes or uses the vehicle with the consent of the owner, and who subsequently intends to deprive the owner of his vehicle.

In the absence of a statute specifically dealing with unauthorized conversion of rented vehicles, such an offense can be punished by establishing that a larceny or embezzlement has occurred. However, proof of larceny is often difficult because of the special circumstances involved in a case where the vehicle was initially taken with the consent of the owner, and the intent to steal it is not manifest until a later point in time. Similarly, the embezzlement statute in the District of Columbia applies only to breaches of trust emanating from an employer/employee or principal/agency relationship, neither of which arise in the typical car or truck rental arrangement. The instant legislation fills this gap in the law of the District.

Losses suffered by member firms of the Car and Trucking Renting and Leasing Association—CATRALA—of the District of Columbia have been substantial. Figures submitted by industry representatives indicate for the 2 years 1973 and 1974 there were 1,439 conversions of rental vehicles. Total losses to the car rental firms for the 2 years were estimated at more than $800,000, including rental revenue losses for the vehicles eventually recovered, and replacement values for those vehicles not recovered. In addition, it was estimated the District of Columbia government may have lost $40,000 in use taxes on these vehicles. One of the "Big Three" national car rental firms alone averaged more than 10 conversions per month in the District of Columbia. This one firm loses by conversion a car every 3 days here. In New York, where this firm rents many times the volume of vehicles, it loses a lower percentage of rentals to conversion than in the District.

Comparison of losses of motor vehicles occurring in the District with those in nearby surrounding jurisdictions may be a further reflection on the deficiencies of the law in the District. It was estimated that the CATRALA firms rent or lease

twice as many vehicles in the suburban Maryland and Virginia areas as they do in the District of Columbia, yet their conversion losses in the suburbs are one-half such losses in the District. Both Maryland and Virginia have criminal statutes dealing with the offense of motor vehicle conversion.

LEGISLATIVE HISTORY

H.R. 10826 had its genesis in various bills introduced previously, namely, H.R. 9604 in the 92d Congress (H. Rept. No. 92–1496), H.R. 341 and H.R. 6205 in the 93d Congress (Hearings March 26, 1973), and H.R. 4756 in the 94th Congress.

Hearings on H.R. 4756 were held by the Subcommittee on the Judiciary on October 10, 1975, at which the principal Assistant U.S. Attorney for the District of Columbia, and representatives from the District government and from the car rental industry testified strongly in favor of the bill. No testimony was presented in opposition to the bill.

Subcommittee markups were held November 13 and November 18, 1975, during which various language improvements were made. A clean bill, H.R. 10826, was favorably reported by unanimous voice vote to the full committee on November 18, 1975.

The language improvements were designed to require reasonable notice to the lessee of possible criminal penalties for failure to return the vehicle. The subcommittee wanted to be sure that the merely careless or genuinely forgetful lessee would not be subject to criminal consequences without every reasonable step taken to put him on adequate notice thereof. Three such notice requirements were added: in the leasing contract; on the vehicle dashboard; and in the written demand for the return of the vehicle. Most importantly, the subcommittee added the word "knowingly" to the main operative subsection, so as to make it a violation for any person to "knowingly fail to return" the vehicle, provided the remaining requirements of the act are met.

The U.S. Attorney's Office advised that the standard instruction for juries sitting in criminal cases in the District of Columbia defines "knowingly" as follows:

> An act is done knowingly if done voluntarily and purposely, and not because of mistake, inadvertence, or accident.

It is intended that such definition of "knowingly" be adopted in interpreting or enforcing this act. Thus no violation would occur when the failure to return the vehicle was due to mistake, inadvertence, or accident. This added requirement that the failure to return must be done "knowingly," combined with the safeguards inherent in the three separate notice or warning requirements, the 18-day waiting period, the "causes beyond control" defense, and normal prosecutorial discretion, should provide adequate protection against injustice in any legitimate factual circumstance one could reasonably imagine. Interested parties, including the U.S. attorney's office and the car rental industry representatives, were consulted about these added requirements, and they support the reported bill as a reasonable balancing of competing interests. Others in support of vehicle conversion statute for the District of Columbia include the Mayor, the Chairman of the Council, the Car and Truck Renting and Leasing Association, and the Metropolitan Washington Board of Trade.

Mr. Speaker, I yield back the balance of my time, and I suggest the recognition of the gentleman from South Carolina (Mr. MANN), chairman of the subcommittee which held hearings with respect to the pending bill.

Mr. MANN. Mr. Speaker, I move to strike the requisite number of words. Mr. Speaker, H.R. 10826 would amend the D.C. Code to prohibit the unlawful use of a rented or leased motor vehicle in the District of Columbia.

The purpose of the bill is to fill a gap in existing law in the District of Columbia relating to the unauthorized use of motor vehicles[1] so as to permit more effective prosecution for unlawful use of rented motor vehicles in the District. The proposed legislation, if enacted, would promulgate for the District a vehicle conversion law similar in substance or effect to statutes in force in many States throughout the country.

The bill makes it a crime for a person who rents, leases or uses a motor vehicle under a written agreement, to knowingly fail to return the vehicle within 18 days after written demand is made for its return, provided certain conditions have been met. These conditions provide every reasonable notification to the lessee that the vehicle is overdue and that he risks criminal prosecution if he fails to return it.

This legislation is designed to deal with a problem which has plagued the car rental industry for many years; namely, the failure to return rented motor vehicles at the end of the contract period. Typically, the vehicle is initially rented pursuant to normal procedures, but it is subsequently converted to the use of the lessee, who has no real intention of returning the vehicle to its owner.

Conversion of property belonging to another person is a purely statutory offense, not a crime under the common law. The existing District of Columbia statute dealing with unauthorized use of motor vehicles has been found in several court decisions to be inadequate for prosecution of vehicle rental agreement violations.[2] It was enacted in 1913, long before car rental abuses became a problem. It was not designed to reach a person who initially takes or uses the vehicle with the consent of the owner, and who subsequently intends to deprive the owner of his vehicle.

Losses suffered by the car rental industry in the District have been substantial. Figures submitted by industry representatives indicate more than 1,400 conversions of rental vehicles involving losses of more than $800,000 occurred in the combined 2 most recent years for which statistics are available.

H.R. 10826 fills the gap in the law of the District. The bill is supported by the Mayor, the Chairman of the D.C. Council, the U.S. Attorney for the District of Columbia, the Car and Truck Renting and Leasing Association, and the Metropolitan Washington Board of Trade.

Mr. RAILSBACK. Mr. Speaker, I move to strike the requisite number of words.

Mr. Speaker, I simply want to associate myself with the timely and cogent remarks of the chairman of our Subcommittee on Judiciary.

I want to draw your attention particularly to the serious losses incurred by the car and truck rental firms in the District of Columbia. During 1973 and 1974, one of the "Big Three" car rental firms alone averaged one car loss every 3 days in the District of Columbia due to conversion. This state of affairs is intolerable and I sincerely believe that enactment of this law will help not only to reduce this high rate of loss, but will also facilitate apprehension of offenders by means of the National Crime Information Center system.

In addition, we should take special notice of the bill's very, very carefully drawn safeguards established to exclude from the bill's coverage those very few careless or forgetful individuals who innocently fail to return a rented vehicle. This safeguard is found in the terms of subsection (b)(1):

> It shall be a violation . . . to *knowingly* fail to return the vehicle . . .

The term "knowingly" is defined in the standard jury instruction in the District of Columbia to exclude acts done "mistakenly," "accidentally," or "inadvertently" and to include only acts done "voluntarily and purposefully." Thus no violation occurs when failure to return is due to mistake, inadvertence, or accident.

In addition, both the forgetful and careless customers, as well as those who purposefully fail to return a vehicle will be protected by the bill's very carefully designed safeguards requiring notice of possible criminal penalties for failure to return a rented vehicle. For example, notice is given not only in contrasting colors in the rented contract, but also in a written demand sent to the customer by registered or certified letter.

Finally, I bring to your attention subsection (4) which provides an affirmative defense for an individual who fails to return a motor vehicle for "reasons beyond his control."

I urge you to support this bill and thus to join in bringing the District's law for this offense in line with the laws of the 50 States, and helping to reduce the incidence and high cost of this crime.

Mr. FAUNTROY. Mr. Speaker, I move to strike the requisite number of words.

Mr. Speaker, I rise in support of the bill, H.R. 10826, to provide for a code of law that would prohibit the unauthorized use of a motor vehicle obtained under a written rental or other agreement.

With the coming months, increasing numbers of individuals will be arriving in the District of Columbia and many of them will be seeking to rent automobiles. The auto rental industry is a vital component of the services that tourists ex-

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[1] D.C. Code, Sec. 22–2204.

[2] *E.g., U.S.* v. *McLaughlin*, 278 F. Supp. 320 (D.D.C. 1967).

pect in this city, and it is a vital component in our efforts to encourage visitors to arrive in Washington without their cars.

Without the passage of this legislation however, the few remaining car rental agencies located in the District of Columbia will probably leave or, in the alternative, impose extremely rigid and strict requirements upon persons seeking to rent an automobile. The impact would be in direct opposition to the encouragement of businesses locating in the city and contrary to the efforts of encouraging people to rely more directly upon public transportation and public services. Where rental cars are reasonable in price and reasonably accessible, persons with a marginal requirement for car ownership can rely upon auto rentals as a dependable adjunct of transportation.

I think it is also fair to indicate that increasingly strict or nonexistent rental agencies can directly impact upon the less wealthy who may not be able to afford the regular ownership of a car. They can afford car rentals, when they need them, but they may not have the national credit cards that rental agencies demand. With laws that make the theft of a rental car punishable by fine or imprisonment, we help to keep the rental rates reasonable, keep business in this city, and make transportation accessible to our visitors and those who do not wish to own an automobile.

This legislation has been carefully drafted. There are more than adequate safeguards that will relieve anyone who may inadvertently keep a car or merely drop it at an airport terminal. The conversion takes place only when one knowingly fails to return the automobile after demand has been made pursuant to the rental agreement. According to the rules of evidence, as they are set forth in criminal jury instruction for the District of Columbia, an act is done "knowingly":

> If done voluntarily and purposely, and not because of mistake, inadvertence, or accident.

This is good legislation; it is needed, and it is supported by the city government.

I yield back the balance of my time.

Mr. BIESTER. Mr. Speaker, the District of Columbia Criminal Code is sufficiently deficient on the matter of unreturned rental vehicles that the legislation before us, H.R. 10826, is necessary to fill this void in the law. The special circumstances which involve vehicles leased under consent of the owners and the question of proving intent to steal have made prosecution as larceny or embezzlement unrealistic as a practical matter. Cooperative efforts among the car leasing industry, the police department and the U.S. Attorneys office have been constructive, but in the absence of an effective statute specifically addressed to this problem we cannot expect a truly satisfactory resolution of the question.

Being forthcoming with our continuing responsibilities in matters of criminal law in the District as specified under home rule requires that we provide the legislation necessary to correct a problem which costs car rental companies in the city—and, indirectly and ultimately, an expense which is borne by all car rental customers—an average of $400,000 per year.

As provided in the legislation charges can be brought against a person who knowingly fails to return a rented or leased motor vehicle within 18 days after a written demand is made for its return. The members of the Judiciary Subcommittee which originally considered the bill spent considerable time and went to great lengths to incorporate requirements of the lessor which would safeguard the rights of the lessee. The lessee who, through inadvertence, fails to return a vehicle on the original due date is provided ample opportunity to comply with the written terms of the contract he has signed prior to becoming liable under provisions of this law. "Causes beyond" the lessee's control are grounds for defense in any prosecution which may be brought.

All States have laws covering unlawful conversion, some of which are more demanding of the lessee than H.R. 10826 and some of which provide for greater penalties than the $1,000 fine and/or imprisonment for up to 3 years called for in this bill. Adoption of this legislation would place the District of Columbia in a comparable position with most States on this point of law.

The target of this legislation is specifically that individual who knowingly or with premeditation leases and does not return a rented vehicle. For this reason I consider this legislation a needed addition to the city's criminal law, and I urge its adoption by my colleagues.

Mr. DIGGS. Mr. Speaker, I move the previous question on the bill.

The previous question was ordered.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

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## CONFERENCE REPORT ON S. 3056, GUATEMALA RELIEF AND REHABILITATION ACT OF 1976

Mr. DIGGS. Mr. Speaker, I call up the conference report on the Senate bill (S. 3056) to amend the Foreign Assistance Act of 1961 to provide emergency relief, rehabilitation, and humanitarian assistance to the people who have been victimized by the recent earthquakes in Guatemala, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the Senate bill.

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

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of April 6, 1976.)

Mr. DIGGS (during the reading). Mr. Speaker, I ask unanimous consent that the statement be considered as read.

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

There was no objection.

The SPEAKER. The gentleman from Michigan (Mr. DIGGS) is recognized for 30 minutes.

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

Mr. Speaker, I rise to seek approval of the conference report on S. 3056. The Guatemala Relief and Rehabilitation Act of 1976 which authorizes $25 million for disaster asistance to the people of Guatemala victimized by an earthquake in February.

As a result of this tragedy over 22,000 people died, 74,000 sustained injuries, and more than 1,000,000 were left homeless. Funds requested under this bill will be used to rebuild homes and basic community services for people in the rural areas, open up rural roads blocked by landslides, make repairs on the principal Guatemala City-Puerto Barrios Highway, and reimburse $7,500,000 of the amount expended on Guatemala to the disaster assistance fund.

The bill which emerged from the conference committee retains all of the House amendments, and includes certain Senate provisions that we believe strengthen the legislation.

Instead of being a freestanding bill, S. 3056 now amends the Foreign Assistance Act of 1961 by adding a new section 495a entitled "Guatemala Relief and Rehabilitation." This procedure is consistent with the way we have handled supplemental disaster assistance for the Sahel, Pakistan, and Bangladesh, and Nicaragua over the past 3 years.

In order to assure that the congressional guidelines outlined in the Foreign Assistance Act are respected, we accepted the Senate's mandatory language requiring that funds authorized be governed by the provisions of section 491 of the 1961 act. Section 491 recognizes that prompt U.S. assistance to alleviate human suffering caused by natural and man-made disasters is an expansion of the humanitarian traditions of the American people, and states that—

> The assistance provided by the United States shall, to the greatest extent possible, reach those most in need of relief and rehabilitation. . . .

Again in the interest of reaffirming congressional guidelines we accepted a Senate provision designed to prevent the transfer of any funds made available under the act to other program accounts as outlined by section 610(a) of the Foreign Assistance Act.

The House amendments introduced by the gentleman from New York (Mr. SOLARZ) providing for the use of seismic resistant materials, to the maximum extent possible, in the construction of housing in Guatemala; and providing that assistance made available be distributed to the maximum extent practicable through U. S. voluntary relief agencies and other international relief and development organizations were retained.

Similarly, the Senate accepted the gentleman from West Virginia, Mr.

HECHLER's amendment restricting the amount to be expended on the Puerto Barrios-Guatemala City Highway to $4,000,000.

Finally, the present bill provides that the President shall transmit a report to the Congress on the programing and obligation of these funds 60 days after the enactment of appropriations. The figure represents a compromise between the 90-days provision of the House bill, and the 30-day deadline embodied in the Senate bill.

Mr. Speaker, this is legislation in which we can take great pride. Americans throughout the country have expressed their concern for the Guatemalan people through individual and organizational contributions.

The United States was one of the first countries to ship supplies and relief personnel into Guatemala general hours after the first tremor on February 4. To date $12,000,000 has been committed to Guatemala from the disaster assistance fund. Officials at the Agency for International Development informed me that the first 100,000 tin roofs will be shipped to Guatemala by April 19.

While the American response has been impressive, I must stress that this is an international effort. Over 32 nations and several regional and international organizations have and continue to commit resources to assist Guatemala. According to the United Nations Relief Organization—UNDRO—as of April 11, the 32 countries had contributed $13,942,050 and the United Nations agencies, individuals, the Red Cross, and other private voluntary agencies combined had already given $20,221,012 for a total of $34,163,-061. Moreover as indication of the government's desire to help itself, on April 10 the Guatemalan Congress approved a $122 million bond issue to pay for earthquake rehabilitation.

Mr. Speaker, in a world too frequently divided by political conflict and plagued by widespread poverty, this country should continue to make its vast resources available to alleviate human suffering resulting from natural disasters.

Therefore, Mr. Speaker, I urge unanimous support for the conference committee report on S. 3056.

Mr. HECHLER of West Virginia. Mr. Speaker, will the gentleman from Michigan yield?

Mr. DIGGS. I yield to the gentleman from West Virginia.

Mr. HECHLER of West Virginia. Mr. Speaker, as the gentleman from Michigan (Mr. DIGGS) knows, I made a trip to Guatemala during the Lincoln Birthday recess. Subsequent to that, I testified before the subcommittee which the gentleman chairs.

I also introduced an amendment on the floor to limit the amount of authorization for repairs to the Puerto Barrios Highway to $4 million rather than $7.5 million, which amendment was adopted in the House.

We have in West Virginia one of the most dangerous highways in the Nation—the two-lane West Virginia Turnpike—which has been incorporated into the interstate system. People from all over the Nation are being killed and injured on this dangerous stretch of highway, which would take $300 million to upgrade to interstate standards. We could certainly use Federal funding, along the lines of legislation I have introduced for a speedy upgrading of this turnpike.

I would like to ask the gentleman what disposition was made by the conference committee of the amendment I sponsored in the House to limit the amount of assistence to the Puerto Barrios Highway in Guatemala.

Mr. DIGGS. Mr. Speaker, before responding directly to that question, may I again compliment the gentleman from West Virginia (Mr. HECHLER) for his constructive contributions to the development of this legislation.

The gentleman traveled at his own expense and under his own motivation to Guatemala and engaged in a very constructive fashion in trying to resolve these problems. He returned and testified before our committee and testified before the Committee on Rules in a way that gave us a deeper insight into this tremendous tragedy.

Mr. Speaker, the gentleman is to be highly commended for the humanitarian spirit that he manifested in connection with this tragedy. I am delighted to assure the gentleman that the amendment that he offered restricting the amount to be expended for this highway to $4 million has been retained in the conference report.

Mr. HECHLER of West Virginia. Mr. Speaker, I think the gentleman from Michigan (Mr. DIGGS) and also the gentleman from New York (Mr. GILMAN) who aided in providing the leadership to get this important legislation passed.

The SPEAKER. The gentleman from New York (Mr. GILMAN) is recognized for 30 minutes.

Mr. GILMAN. Mr. Speaker, I strongly support this conference report on the Guatemala Relief and Rehabilitation Act of 1976.

In my opinion, this report represents an excellent compromise between the House and the Senate versions. The conferees agreed that this vital legislation would be most effectively and expeditiously implemented in the form of an amendment to the Foreign Assistance Act of 1961. Furthermore, this compromise reflects agreement that funds expended under this act be governed by the provisions of section 491 of the Foreign Assistance Act which concerns disaster assistance.

In an effort to clarify the intended purpose of the assistance provided by this act, the conferees agreed to include the word "rehabilitation" in the short title for its legislative history.

The House bill contained an amendment limiting the amount of funds available under the act for the rebuilding of the Puerto Barrios Highway to $4 million. This amendment, offered by the Congressman from West Virginia, Representative KEN HECHLER, as a result of his timely visit to the disaster area, was accepted by the Senate.

In addition, the House conferees strongly supported a provision which many Members feel is of great importance to the success of our relief efforts. This provision encourages the use of seismic-resistant materials in the rebuilding of houses, funded under this act. The Senate receded on this question.

In the true spirit of compromise and nonpartisanship, the House conferees did their best to uphold the position of the House. I believe that we ended up with a compromise which is fair to both houses and reflect the humanitarian concerns of not only the Congress, but that of all the people of the United States.

Accordingly, I urge the approval of this conference report.

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

Mr. GILMAN. I am happy to yield to the gentleman from Texas.

Mr. KAZEN. Mr. Speaker, I have been sitting here listening to all of the explanations as to what this conference report contains and I would like to ask a question, what is the monetary figure in the conference report and how does that figure relate to the figure that was in the House bill?

Mr. GILMAN. The amount in the conference report is the same as in the initial bill when it left here, $25 million.

Mr. KAZEN. I thank the gentleman.

Mr. DERWINSKI. Mr. Speaker, I rise in support of the conference report now before us on the Guatemala Relief and Rehabilitation Act of 1976.

The actions taken by both the House and the Senate as reflected in this compromise are consistent with the longstanding tradition of the Congress and the American people in responding to the human tragedy of natural disasters.

The earthquake that struck Guatemala on February 4, 1976, has resulted in widespread devastation and human misery to over 1 million Guatemalans. In a nation of over 5.9 million people, this disaster has left more than 1,066,000 homeless, and has resulted in the death of more than 22,000 and the injury of nearly 75,000 others.

With the adoption of this report, the funds contained in this legislation will enable the continuation of our current relief efforts and enable the Guatemalan people to withstand the fast approaching rainy season. Through their own initiative, the government and the people of Guatemala have responded well. They deserve our continued help and support during their hour of need.

The American people can be proud of the role that we have played in assisting the Guatemalan people in the traumatic aftermath of this tragedy. It is a tribute to the humanitarian impulses of our people. The adoption of this conference report will enable the American people to continue to help the Guatemalans to help themselves.

I urge the approval of this conference report.

Mr. DIGGS. Mr. Speaker, I move the

previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

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GENERAL LEAVE

Mr. DIGGS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the conference report just agreed to on the Guatemala Relief and Rehabilitation Act of 1976.

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

There was no objection.

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TO NAME LIBRARY OF CONGRESS ANNEX THE LIBRARY OF CONGRESS THOMAS JEFFERSON BUILDING

Mrs. BOGGS. Mr. Speaker, I ask unanimous consent that the Committee on House Administration be discharged from further consideration of the Senate bill (S. 2920) to name the building known as the Library of Congress Annex to be the Library of Congress Thomas Jefferson Building, and ask for its immediate consideration in the House.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentlewoman from Louisiana?

There was no objection.

The Clerk read the Senate bill as follows:

S. 2920

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the building in the block bounded by East Capitol Street, Second Street Southeast, Third Street Southeast, and Pennsylvania Avenue Southeast, in the District of Columbia (commonly known as the Library of Congress Annex), shall hereafter be known and designated as the "Library of Congress Thomas Jefferson Building". Any reference in a law, map, regulation, document, record, or other paper of the United States to such building shall be held to be a reference to the Library of Congress Thomas Jefferson Building.

The Senate bill was ordered to be read a third time, was read the third time, and passed and a motion to reconsider was laid on the table.

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GENERAL LEAVE

Mrs. BOGGS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the subject of the Senate bill just passed, S. 2920.

The SPEAKER. Is there objection to the request of the gentlewoman from Louisiana?

There was no objection.

PERMISSION FOR SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS AND HUMAN RESOURCES OF COMMITTEE ON GOVERNMENT OPERATIONS TO SIT TOMORROW WHILE THE HOUSE IS IN SESSION

Mr. FOUNTAIN. Mr. Speaker, I ask unanimous consent that the Subcommittee on Intergovernmental Relations and Human Resources of the Committee on Government Operations be permitted to sit tomorrow, Tuesday, April 13, 1976, while the House is in session in the hope we might be able to finish markup tomorrow and the next day on revenue sharing.

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

There was no objection.

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DISAPPROVING PROPOSED SOIL CONSERVATION SERVICE DEFERRAL BY THE PRESIDENT

Mr. WHITTEN. Mr. Speaker, I call up the resolutions (H. Res. 1032) disapproving the deferral of certain budget authority (D76–95) relating to the Department of Agriculture, soil conservation service, watershed and flood prevention operations, which is proposed by the President in his message of January 26, 1976, transmitted under section 1013 of the Impoundment Control Act of 1974, and ask unanimous consent that it be considered in the House.

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

There was no objection.

The Clerk read the resolution, as follows:

H. RES. 1032

*Resolved,* That the House of Representatives expresses its disapproval of proposed deferral D76–95, relating to the Department of Agriculture, Soil Conservation Service, as set forth in the message of January 23, 1976, which was transmitted to the Congress by the President under section 1013 of the Impoundment Control Act of 1974.

The SPEAKER. The Chair recognizes the gentleman from Mississippi for 1 hour.

Mr. WHITTEN. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, House Resolution 1032 involves rejecting the executive branch's deferral of $18 million in funds appropriated for emergency repair work in watershed. When this item first came before our subcommittee, we were advised that the money could not be contracted in time to do any good this year. Subsequent to that time we called the head of the Soil Conservation Service before our committee and went over the matter with that Service. As a result, we found out that not only could this money be contracted out for this period, but that this was emergency work and that it was highly imperative that the work be done as soon as possible.

I may say for the record that the work that would be held up, as estimated by the States, would be: the State of Arkansas, $67,000; the State of California, $1 million; the State of Connecticut, $687,000; the State of Kentucky, $239,000; the State of Montana, $7,763,000; the State of New York, $3,621,000; the State of Oregon, $1,683,000; the State of Pennsylvania, $1,500,000; the State of Tennessee, $1,215,000; and the State of Wisconsin, $859,000.

May I say again these funds are presently being deferred by the executive branch. They are funds that were appropriated by the Congress for the emergency repair work for which they are badly needed.

Mr. Speaker, I yield to the gentleman from North Dakota (Mr. ANDREWS).

Mr. ANDREWS of North Dakota. Mr. Speaker, my colleague, the chairman of the subcommittee, the gentleman from Mississippi, Mr. WHITTEN, described it essentially as it is.

No money would be saved by going along with the action of the President in this case. In fact, money would probably be wasted by continuing the deferral because these expenses have to be incurred to protect the communities from the floods.

Mr. Speaker, I urge adoption of the resolution.

Mr. McDADE. Mr. Speaker, last autumn northeastern Pennsylvania was ravaged by flooding caused by Hurricane Eloise. Although damages were not limited to my congressional district, the Susquehanna River Basin was one of the hardest hit areas.

Immediately following the flooding my office began receiving requests for the funds under the Soil Conservation Service's emergency watershed protection program, "section 216."

This is the only Federal program for emergency stream clearance and erosion prevention.

However, at the time of Hurricane Eloise, this "emergency program," because of its archaic funding mechanism, had no money available to assist areas victimized by Eloise.

In November, the Agriculture Subcommittee, under the able leadership of Chairman JAMIE L. WHITTEN, responded quickly to my request for additional SCS funds. The chairman was successful in bringing an amendment to final passage in the supplemental in less than a week. The Senate quickly followed suit and by the first of this year there was $26.4 million available nationally for this SCS emergency program. This included $3 million for the State of Pennsylvania.

The immediate response on the part of Congress meant funds were available and planning could begin immediately to repair the damage caused by Eloise. Indeed, in my district, which has been designated to receive approximately two-thirds of the $3 million appropriated for Pennsylvania, plans are underway which could produce project starts as early as July.

In this light, I find it incomprehensible that the administration could recommend a deferral of $18 million for this program. This deferral includes $1.5 million—one-half of the emergency funds appropriated for flood recovery in

my State. The reasoning advanced is that SCS cannot expend the money this year. Clearly, based on the need and the progress in my district, this request is completely unreasonable.

I commend Mr. WHITTEN for bringing this resolution of disapproval to the floor and for his constant vigilance in this matter. Congress recognized a desperate need for emergency funds last year and met that need. Now that warm weather is arriving, communities are beginning their flood and erosion prevention activities in earnest. I submit that given the need for and the emergency nature of these funds, failure to disapprove the deferral immediately would be extremely unwise.

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

The previous question was ordered.

The SPEAKER. The question is on the resolution.

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

Mr. MYERS of Pennsylvania. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 338, nays 23, not voting 72, as follows:

[Roll No. 190]

YEAS—338

Abdnor
Abzug
Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
Ashley
Aspin
Bafalis
Baldus
Baucus
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Bennett
Bergland
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bonker
Bowen
Brademas
Breaux
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, Phillip
Butler
Byron
Carney
Carr
Carter
Cederberg
Chappell
Clausen, Don H.
Clawson, Del
Clay
Cochran
Cohen
Conable
Corman
Cornell
Cotter
Coughlin
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Danielson
Davis
Delaney
Dellums
Dent
Derrick
Dickinson
Diggs
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Evans, Colo.
Fary
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fraser
Frey
Fuqua
Gaydos
Giaimo
Gilman
Ginn
Gonzalez
Goodling
Grassley
Gude
Guyer
Hagedorn
Haley
Hall
Hamilton
Hammer-schmidt
Hanley
Hannaford
Hansen
Harkin
Harrington
Harris
Hawkins
Hays, Ohio
Hébert
Hechler, W. Va
Heckler, Mass.
Hefner
Helstoski
Hicks
Hightower
Hillis
Holt
Holtzman
Horton
Howard
Howe
Hubbard
Hughes
Hungate
Hyde
Jacobs
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jordan
Karth
Kasten
Kastenmeier
Kazen
Kemp
Ketchum
Keys
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Latta
Leggett
Lent
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lundine
McClory
McCollister
McCormack
McDade
McFall
McKinney
Madden
Madigan
Maguire
Mahon
Mann
Martin
Mathis
Mazzoli
Meeds
Metcalfe
Meyner
Mezvinsky
Mikva
Milford
Miller, Calif.
Mills
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Natcher
Neal
Nichols
Nolan
Nowak
Oberstar
Obey
O'Brien
O'Neill
Ottinger
Passman
Patterson, Calif.
Pattison, N.Y.
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Rangel
Regula
Reuss
Richmond
Riegle
Rinaldo
Risenhoover
Robinson
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roybal
Runnels
Ruppe
Russo
Ryan
St Germain
Santini
Sarasin
Satterfield
Scheuer
Schneebeli
Schroeder
Schulze
Sebelius
Seiberling
Sharp
Shipley
Shriver
Shuster
Sikes
Simon
Sisk
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spellman
Spence
Staggers
Stanton, J. William
Steed
Steiger, Wis.
Stephens
Stokes
Stratton
Stuckey
Studds
Sullivan
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Van Deerlin
Vander Jagt
Vander Veen
Waggonner
Walsh
Wampler
Whalen
Whitten
Wilson, C. H.
Winn
Wirth
Wolff
Wylie
Yates
Yatron
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—23

Clancy
Cleveland
Collins, Tex.
Conte
Derwinski
Devine
Erlenborn
Frenzel
Gradison
Hutchinson
Kelly
McDonald
Miller, Ohio
Myers, Pa.
Paul
Rousselot
Steiger, Ariz.
Symms
Vanik
Wiggins
Wilson, Bob
Wydler
Young, Fla.

NOT VOTING—72

AuCoin
Badillo
Barrett
Bell
Bevill
Bolling
Breckinridge
Burke, Calif.
Burton, John
Chisholm
Collins, Ill.
Conlan
Conyers
Crane
de la Garza
Dingell
du Pont
Esch
Eshleman
Evans, Ind.
Evins, Tenn.
Flowers
Flynt
Gibbons
Goldwater
Green
Harsha
Hayes, Ind.
Heinz
Henderson
Hinshaw
Holland
Ichord
Johnson, Pa.
Jones, Tenn.
Kindness
Landrum
Lehman
Lujan
McCloskey
McEwen
McHugh
McKay
Macdonald
Matsunaga
Melcher
Michel
Nedzi
Nix
O'Hara
Patten, N.J.
Pepper
Randall
Rees
Rhodes
Roberts
Roush
Sarbanes
Stanton, James V.
Stark
Steelman
Symington
Udall
Ullman
Vigorito
Waxman
Weaver
White
Whitehurst
Wilson, Tex.
Wright
Young, Alaska

The Clerk announced the following pairs:

Mr. Green with Mr. Bell.
Mr. Badillo with Mr. Harsha.
Mrs. Burke of California with Mr. Rhodes.
Mr. Holland with Mr. Whitehurst.
Mr. Matsunaga with Mr. Conlan.
Mr. John Burton with Mr. Crane.
Mr. Flynt with Mr. du Pont.
Mr. Symington with Mr. Johnson of Pennsylvania.
Mr. Waxman with Mr. Heinz.
Mr. Pepper with Mr. Esch.
Mr. Patten with Mr. Lujan.
Mr. Hayes of Indiana with Mr. Eshleman.
Mrs. Chisholm with Mr. McKay.
Mr. Vigorito with Mr. Michel.
Mr. White with Mr. Kindness.
Mr. Stark with Mr. Landrum.
Mr. James V. Stanton with Mr. Randall.
Mr. Bevill with Mr. O'Hara.
Mr. AuCoin with Mr. Udall.
Mr. Ichord with Mr. Young of Alaska.
Mr. Macdonald of Massachusetts with Mr. Charles Wilson of Texas.
Mr. McHugh with Mr. McCloskey.
Mr. Melcher with Mr. McEwen.
Mr. Evins of Tennessee with Mr. Goldwater.
Mr. de la Garza with Mr. Flowers.
Mr. Nedzi with Mr. Steelman.
Mr. Conyers with Mr. Ullman.
Mrs. Collins of Illinois with Mr. Roberts.
Mr. Dingell with Mr. Nix.
Mr. Evans of Indiana with Mr. Rees.
Mr. Gibbons with Mr. Wright.
Mr. Jones of Tennessee with Mr. Sarbanes.
Mr. Roush with Mr. Henderson.
Mr. Weaver with Mr. Breckinridge.

Mr. CLEVELAND changed his vote from "yea" to "nay."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

## FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed a resolution of the following title:

S. Con. Res. 111. Concurrent resolution providing for a conditional adjournment of the Congress from April 14, 1976 until April 26, 1976.

## DISAPPROVING DEFERRAL OF BUDGET AUTHORITY

Mr. WHITTEN. Mr. Speaker, I call up the resolution (H. Res. 1129) disapproving the deferral of budget authority relating to special supplemental food program, WIC (deferral D76–105) which is proposed by the President in his message of March 18, 1976, transmitted under section 1013 of the Impoundment Control Act of 1974, and ask unanimous consent that it be considered in the House.

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

There was no objection.

The Clerk read the resolution, as follows:

H. RES. 1129

*Resolved*, That the House of Representatives expresses its disapproval of proposed deferral D76–105 relating to the Department of Agriculture, Food and Nutrition Service, Special Supplemental Food Program (WIC), as set forth in the message of March 18, 1976, which was transmitted to the Congress by the President under section 1013 of the Impoundment Control Act of 1974.

The SPEAKER. The gentleman from Mississippi (Mr. WHITTEN) is recognized for 1 hour.

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

Mr. Speaker, the President, on March 18, 1976, deferred $61 million in funds for the special supplemental food program until the transition quarter. This program is more commonly known as the women, infants and children's program, or WIC.

This program provides cash grants to make supplemental food available to pregnant women, nursing mothers, infants and children up to 4 years of age. The $250 million authorized by Public Law 97–105 would support an annual caseload above that is presently in the program.

If the freeze of funds were allowed to stand, this would impose a ceiling and exclude many persons who are eligible under the law. The committee notes that any funds not committed during this fiscal year would remain available for the transition quarter.

To explain that further, Mr. Speaker, to permit the funds to continue to be deferred would in effect put a ceiling on this program and limit the program to those who are presently under it, whereas those who are equally as well qualified would be prohibited from coming under this law.

May I say again that in the case these funds are not used for the current fiscal year, they would remain vailable for the transition quarter.

Mr. ANDREWS of North Dakota. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I yield to my colleague and associate on the subcommittee, the gentleman from North Dakota.

Mr. ANDREWS of North Dakota. Mr. Speaker, I appreciate the chairman of my subcommittee yielding.

Let me point out to my colleagues that this does not increase the authorization for the number of people who are able to be accommodated under this program. All this does is to allow funding up to the authorized level already approved by the Congress, and if that amount of funding is not used, as the chairman of my subcommittee has pointed out so well, it goes on to the next budgetary period.

This resolution is necessary because we cannot segregate one person's entitlement from another's if they are both in fact entitled under the law. All this does is to bring the funding into the same category that the Congress has already authorized as far as eligibility is concerned.

Mr. Speaker, I urge support for the resolution.

Mr. WHITTEN. Mr. Speaker, I thank my colleague for explaining it so well.

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

Mr. WHITTEN. I yield to the gentleman from California.

Mr. McFALL. Mr. Speaker, I would like to support the Appropriations Committee in its rejection of the President's $61 million deferral request with regard to the special supplemental food program, known as WIC.

In rejecting the President's WIC program deferral request, the committee is recognizing the fact that Public Law 94–105 also directs the expenditure of a separate $62.5 million out of the section 32 funds or from regular appropriations for the transition quarter. This $62.5 million authorization represents a pro rata share of the $250 million authorized for each of fiscal years 1976 and 1977. Consequently, the committee felt that there was no need to withhold $61 million—out of fiscal year 1976 funds—for use during the transition quarter.

As was stated many times by many persons during the legislative history of this bill, Congress intended this year's WIC funding level to be $250 million, with a pro rated expenditure during the transition quarter of $62.5 million.

This is a very worthwhile program, bringing high protein diet supplementation to high-risk pregnant and nursing women and infants. Hundreds of thousands of eligible persons are now waiting for this program, and a deferral or slowdown of these funds would constitute both an act of bad public policy and a rejection of congressional intent.

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

Mr. WHITTEN. I yield to the gentleman from California.

Mr. MILLER of California. Mr. Speaker, I thank the gentleman from Mississippi (Mr. WHITTEN) for yielding.

I just rise quickly to say that I want to commend him for his leadership in rejection of this deferral.

I think that the legislative record that has been created on this matter is very clear.

Mr. Speaker, I only point to the remarks that Senators HUMPHREY, MCGOVERN, MONDALE, JAVITS, and others made on July 10, that Senator TALMADGE made on September 19, that Senator ALLEN made on October 7, and that the gentleman from New York (Mr. ZEFERETTI) made on September 19 and I made to make it very clear that it was the intent of the committee, when we passed the original authorization legislation, and it was the intent of the Committee on Appropriations to fund the program for the transition quarter to the extent of $62.5 million.

Mr. PERKINS. Mr. Speaker, I want to express my support of House Resolution 1129, which disapproves the deferral of budget authority in the amount of $61 million for fiscal year 1976.

The legislation which was enacted in October 1975 provided that $250 million be spent in fiscal 1976 on the WIC program to make available supplemental food to pregnant women, nursing mothers, infants, and preschool children.

I congratulate the committee on taking early action to insure that the Department of Agriculture makes use of the available $61 million during the last 3 months of fiscal 1976. It is needed now; programs throughout the Nation are in dire need of increasing their caseloads now; and additional health centers are ready to initiate new programs now. We are dealing with a program where every day counts. If days and weeks elapse without our providing food to infants whom the local health establishment has designated at nutritional risk, we cannot recapture those critical days for that group of infants. Their course of development will be altered and their future ability to function in society will be impaired.

The WIC program has widespread support because it is community based, usually in the local department of health, and operates as an adjunct to medical care services.

While I am in support of the resolution now under consideration, I want to emphasize that it was the intent of the Congress that the entire amount of $250 million be spent in 1976 for this important program, and that an additional $62.5 million be made available during the transition quarter. The legislative history is clear that the transition quarter shall be funded for the pro rata share of $250 million, or $62.5 million, and additional funds should be made available for continued operation on that level during the transition quarter.

On September 18, 1975, the House adopted the conference report on H.R. 4222, now Public Law 94–105, by a vote of 380 to 45, and at that time I made it clear that the program was expected to operate at a "funding level of $250 million a year for fiscal year 1976, next summer's transition period, fiscal year 1977, and fiscal year 1978." It would be illogical in the extreme to reason that funds shall be made available at the rate of $250 million for fiscal 1976, and for fiscal 1977, but that nothing shall be provided for the transition quarter.

I hope that the Congress will recognize the need to provide additional funding of $62.5 million for the transition quarter, to serve those eligible for care under WIC, of which House Resolution 1129 speaks. This must be done, in order to preserve the continuity of the program and to insure that the objectives of the program are met nationwide.

Mrs. MINK. Mr. Speaker, I am strongly against the deferral request, made in behalf of the Agriculture Department, to limit spending in the WIC program. As all of us are aware, the WIC program is one of the most important Federal efforts against hunger and malnutrition that we have established. The WIC program was enacted so that mothers and infants would be spared from the harsh and irreparable consequences that occur whenever unborn or newly born children are denied access to nutritional adequacy.

When we passed the child nutrition bill last October, we stood on the record requiring the USDA to spend $250 million, plus all of last fiscal year's unspent carryover funds, during fiscal year 1976. In sum, we directed USDA to spend about $290 million during fiscal 1976.

In addition, we authorized and appro-

priated $62.5 million for the July through September 1976, transition quarter and $250 million for fiscal year 1977, and we authorized $250 million for fiscal year 1978.

Apparently, the USDA is still unhappy with the WIC program and wants to make sure that the program is not expanded. It is for this reason that the USDA is refusing to approve applications for WIC program funding, even though applications to feed more than half a million mothers and infants are currently pending before the Department. In my mind, the Department's inaction is a definite frustration of the legislation we passed last October.

The USDA has indicated that—as a maximum—it will spend $189 million for the WIC program during fiscal year 1976; this means that the USDA is impounding at least $101 million. Nevertheless, for some unexplainable reason, the deferral request that the President sent to us seeks to delay the spending of only $61 million. At a minimum, therefore, even if we granted the President's deferral request, the USDA is illegally delaying or impounding an additional $40 million. That is incomprehensible to me and it demonstrates that the USDA is set on a course to stunt the growth of the WIC program without giving the true facts to the Congress or the American people.

The USDA's deferral request is misleading in another way too. The request states that $61 million of fiscal year 1976 funds is needed to operate the WIC program during the 3-month transition quarter. Clearly, that is not true. The legislation that we passed last October implicitly, if not explicitly, required that a pro rata amount of funding was to be made available for the transition quarter. Indeed, this is the way an overwhelming number of the other congressionally authorized programs are being operated this July through September. Since we authorized and appropriated $250 million for each of fiscal years 1976 and 1977, the pro rata share that we made separately available for the transition quarter was $62.5 million.

I am dismayed by the USDA's misleading statements to the Congress. Even worse, I am saddened by the tragic delay in food assistance that has occurred for hundreds of thousands of needy mothers and infants. We should do whatever we can to protect these mothers and infants, and I urge you to do so by rejecting the USDA's deferral request.

Mr. BADILLO. Mr. Speaker, I rise to add my voice in support of the women, infants, and children's—WIC—feeding program. The WIC program was intended to provide high-nutrient benefits to infants, children under 5 years of age, as well as pregnant and lactating mothers. It was designed as a feeding program to be made available in conjunction with health services in various medical clinics and hospitals. In short, the WIC program was enacted as a measure to safeguard the health of our future generations.

Contrary to the express intentions of Congress, the Department of Agriculture—DOA—has thwarted the development of the WIC program. Numerous court actions have been brought and won against the DOA because of its failure to heed congressional legislation. Once again we are confronted with a similar situation.

When the Congress enacted Public Law 94–105 over the President's veto, we required the Agriculture Secretary to spend $250 million, plus all funds that were unspent during previous fiscal years, during this fiscal year, fiscal 1976. Since approximately $40 million was left over during the last fiscal year, we directed the expenditure of about $290 million during fiscal 1976.

The DOA now informs us that it will spend a maximum of $189 million and as little as $160 million. Thus, between $101 million and $130 million is being impounded by the DOA. I find this unconscionable, particularly since we clearly indicated that we required approximately $290 million to be spent this year. Similarly, I find it unreasonable that the DOA's deferral notice requests permission to withhold only $61 million when, in fact, approximately twice that amount is being impounded.

The DOA's explanation for its deferral request is no less troublesome. The Department claims that it needs $61 million—of fiscal year 1976 funds—in order to provide funding for the upcoming transition quarter. This is wholly misleading and untrue insofar as we provided $62.5 million specifically for the transition quarter.

When Congress enacted Public Law 94–105, we authorized, appropriated and mandated for expenditure at a rate of $250 million annually for the period from fiscal year 1976 through fiscal year 1977. Included in this appropriations period was a pro rata share of $62.5 million for the transition quarter. We, therefore, took care of funding for the July through September period, and there is no need to use fiscal year 1976 moneys to fund the transition quarter's operations. At best, then, the DOA's rationalization for its deferral request is grossly misleading.

I hope that the House will reject the deferral request that was submitted to us by the President. We should not stand idly by while needy children seek nutrition assistance and while we have the wherewithal to help them.

Mr. LEHMAN. Mr. Speaker, I would like to add my voice in opposition to the administration's "deferral" request for WIC program expenditures. Since I believe that the WIC program is one of the most important programs that Congress has established during the past several years, I am deeply troubled by the administration's repeated efforts to curtail WIC program operations, and the deferral request now before us represents another unjustifiable effort to put a clamp on the program's development.

The popularity of the WIC program is immense in impoverished communities throughout the country. It is also very popular with medical and nutrition professionals; they recognize that the WIC program is critically important for the physical and mental development of infants and children. It is no wonder, then, that there currently are applications pending to feed approximately 500,000 mothers and children. It is strange, however, that the administration is taking no action whatsoever to fund those applications.

The administration has requested a "deferral" of $61 million in funds that we appropriated for this fiscal year. They requested that this money be "deferred" for use during the transition quarter. However, I should point out that the administration's actions constitute a "rescission" request, not a "deferral" request. This is because deferrals may only be requested to delay expenditures within a fiscal year; requests to delay spending beyond the end of a fiscal year constitute requests to rescind obligational authority for that particular year.

It is noteworthy to point this out because it serves to underscore the illegality of the administration's current actions. For several months, the administration has refused to fund the WIC program at the level mandated by Public Law 94–105. Despite that, it was only quite recently that the so-called "deferral" request was transmitted to the Congress. During all of the preceding months, the administration was withhoding congressionally appropriated WIC program funds from expenditure without notifying Congress about, or receiving Congress's approval for, this rescission action. Clearly, the administration's actions violate the law as set forth in the Congressional Budget and Impoundment Control Act.

The administration has sought to "defer" $61 million in fiscal year 1976 funds. This, too, seems to violate the impoundment control legislation because the administration is actually impounding over $100 million in WIC program funds. We required the administration to spend $250 million plus all carryover funds during this fiscal year; since the carryover funds from last year are approximately $40 million, the administration is obligated to spend about $290 million this fiscal year.

Since we have been informed that the maximum amount that will be spent this fiscal year is $189 million, it is evident that at least $101 million is being withheld improperly from WIC program expenditure during this fiscal year. Moreover, the administration has informed us that, in fact, only $160 million might be spent on the WIC program this year—thereby indicating that about $130 million is being "deferred" or "rescinded" from obligational authority during fiscal year 1976. Clearly, funds over and above the $61 million amount are being impounded without the transmission of a deferral or rescission request for such excess amounts, and this clearly violates the impoundment control legislation we enacted in 1974.

Finally, it should be noted that the administration's rationale for a "deferral" of $61 million is totally baseless. The administration states that no funds were either authorized or appropriated for the transition quarter and that $61 mil-

ture—DOA—has thwarted the develop-

needed to run the WIC program from July through September 1976. Nothing could be further from the truth.

When we passed Public Law 94–105, we authorized funding through fiscal year 1978 at an annual amount of $250 million. Since the transiton quarter falls within the authorization period, we intended a pro rata authorization of approximately $62.5 million for that 3-month period. During the period commencing in fiscal year 1976 and running through fiscal year 1977, we required that section 32 funds be appropriated and expended if the authorization levels were not fully funded through regular appropriations. Since, once again, the transition quarter falls within that period, we required that $62.5 million be appropriated and expended, during those 3 months, out of section 32 funds. Consequently, it is clear that no fiscal year 1976 funds are necessary to fund the WIC program during the transition quarter since separate funds are not only available but must be spent during that period. This, of course, does not mean that any unspent fiscal year 1976 WIC funds are to be sent back to the U.S. Treasury; any unspent WIC program funds automatically get carried over to the next fiscal year or transition quarter for use in addition to the funds specifically appropriated for that period.

In sum, there is no justification for the administration's "deferral" request. I, therefore, urge my colleagues to deny that request so that the administration immediately is set on the only course it should have been following all along: Feeding mothers and children.

Mr. PEYSER. Mr. Speaker, the deferral request that USDA has transmitted to the Congress, for the purpose of withholding WIC program spending, should be denied. If ever an impoundment request by an administrative agency is to be denied by the Congress this should be the one. No program is as crucial to the health, welfare, safety and development of future generations than the WIC program.

I, like many of my colleagues, have received countless letters from my constituents in support of the WIC program. The program's popularity stems from the fact that it is extremely cost efficient. Benefits go directly to the neediest persons of our Nation. Our policy under the WIC program is that hunger, in this land of plenty, must be eradicated. In particular, hunger amongst the children of our country—who will be harmfully and irremediably affected by malnutrition—must be abated.

With this in mind, I am sorry to see that USDA has embarked on a policy of thwarting the WIC program's growth. Since the program's legislative inception in 1972, USDA has adopted every conceivable device to prevent the orderly growth and development of the WIC program. I, for one, want to see this administrative obstruction put to an end.

Legislation now on the books clearly describes USDA's fiscal responsibilities under the WIC program. In this fiscal year, USDA is directed to spend $250 million from section 32 funds, and, in addition, all of the funds that were unspent and carried-over from prior fiscal years must also be spent. For the transition quarter between fiscal years 1976 and 1977, a separate amount of $62.5 million must be spent from section 32 funds. In fiscal year 1977, $250 million must be taken out of and spent from section 32 funds. And in fiscal 1978, $250 million is authorized for appropriation out of regular appropriations. Of course, in all of these years, any unspent funds from a prior fiscal year must be added onto the funds provided for a particular fiscal period.

Approximately $290 million must be spent on the WIC program during fiscal year 1976. This is because about $40 million was available for carryover from unspent fiscal 1975 funds.

In USDA's deferral request, the Department indicated that the maximum amount of money that will be spent on the WIC program in fiscal year 1976 is $189 million. At hearings before the Senate Select Committee on Nutrition and Human Needs Assistant Agriculture Secretary Richard Feltner further indicated that as little as $160 million might be spent for the WIC program during fiscal year 1976. As a result, it is now estimated that between $101 million and $130 million will be impounded and left unspent during this fiscal year.

In light of these facts, USDA's $61 million deferral request is terribly deficient. If the Department wanted to comply with this Congress' anti-impoundment legislation, it should have sent an impoundment request seeking approval of its withholding of $101 million to $130 million. But USDA has not done this and therefore it is merely asking for congressional approval of only a part of its impoundment. This is blatantly unlawful.

USDA has also provided this Congress with a fallacious reason for its deferral request. USDA would have us believe that the $61 million—that it wishes to withhold from spending beyond the end of this fiscal year—is needed to provide funding during the transition quarter. This reasoning, however, flies in the face of reality. Since we, in Public Law 94–105, already authorized, appropriated and directed for expenditure $62.5 million out of section 32 funds during the transition quarter, USDA has no need to delay the spending of fiscal year 1976 funds.

The sad fact is that USDA wants to continue its policy of WIC program obstruction. The reason set forth by USDA for its deferral request is an obvious smokescreen to shield its true intent: delay and denial of WIC program expansion. I urge everyone in this Chamber to deny USDA's deferral request so that, once and for all, we can implement and expand the WIC program as Congress intended.

Mr. ZEFERETTI. Mr. Speaker, I am grateful for the opportunity to lend my voice in opposition to the Agriculture Department's request to defer WIC program spending. As this House is no doubt aware, the Agriculture Department is now seeking to add one more unhappy chapter to the litany of WIC program impoundments over the past few years. We must, once and for all, put an end to this administrative lawlessness.

On October 7, 1975, the U.S. Congress overrode President Ford's veto of the child nutrition legislation. That veto was intended to limit Federal expenditures on a whole variety of child feeding programs, including the WIC program. We considered the President's veto message very carefully but we decided, by a huge margin, to enact the bill, Public Law 94–105.

In Public Law 94–105, we required that $250 million and all of the unspent WIC program funds from prior years be spent during fiscal year 1976 to operate the WIC program. For the transition quarter, we mandated an expenditure of $62.5 million plus any unspent funds from fiscal year 1976. For fiscal year 1977, we specified that $20 million be spent in addition to any unspent funds from the transition quarter. And, finally, for fiscal year 1978, we authorized the appropriation of $250 million in addition to any unspent funds from fiscal 1977.

Several clear principles emerged from our legislation. First, the Agriculture Department must add any unspent funds from previous fiscal years on top of the funds authorized and/or appropriated for any fiscal year—through fiscal 1978. Second, in the period through fiscal year 1977, section 32 funds must be appropriated and spent—in the amounts specified for each fiscal period—if funds were not appropriated through the regular appropriations process. Third, the funding levels for each period through fiscal year 1978 is to be $250 million per year, or $62.5 million per quarter.

In so enacting Public Law 94–105, we clearly provided a separate $62.5 million for the 3-month transition quarter commencing on July 1, 1976. As the Congress has done with a large variety of other Federal programs, we intended that a pro rata amount be provided for the transition quarter so that WIC program operations are continued at the same rate as the rate established for fiscal years 1976 and 1977.

As a result, I admit that I am deeply troubled by the reasons tendered by the Agriculture Department for its deferral request. The Department claims that $61 million, from fiscal year 1976 funds, is necessary to fund the WIC program because the Department claims that no funds were authorized and appropriated for the transition quarter. However, as I just finished explaining, that allegation is wholly untrue.

I am also deeply troubled by the insufficiency of the deferral request. From information we have obtained from the Agriculture Department, it appears that—in addition to the $61 million sought to be deferred—all of the carryover funds from prior fiscal years are also being impounded. No explanation has been made by the Department for this failure to seek approval of this additional impoundment, and I can only conclude that the Department has consciously decided to ignore our Impoundment Control Act.

It is apparent that no real justification can be made for the Department's deferral request. It is, therefore, incumbent upon the House to deny the Agriculture Department's deferral request.

Mrs. CHISHOLM. Mr. Speaker, I rise to speak in favor of the resolution currently before us that would reject the WIC program deferral request made by the President. This deferral request seeks to withhold the expenditure of $61 million of fiscal year 1976 funds so that those funds can be spent during the transition quarter.

Before I indicate why I am against the administration's deferral request, it is important to note what we accomplished last October when we passed Public Law 94–105 over the President's veto. We required that $250 million be spent in each of fiscal years 1976 and 1977—in addition to any unspent carryover funds from prior fiscal years—and we also required a pro rata expenditure of $62.5 million during the transition quarter. These funds were to be taken out of section 32 of the Agricultural Act of 1935 if not otherwise appropriated through the regular appropriations process.

The administration, however, requested that $61 million be "deferred" for expenditure—from the funds provided for fiscal year 1976—so that those funds can be used during the transition quarter. Unfortunately, the administration's request seems improper for three reasons: First, the administration is impounding much more than $61 million; about $100 million is actually being withheld from expenditure since the administration is unlawfully refusing to spend last year's unspent carryover funds.

Second, since the administration is trying to withhold funds beyond the expiration of the fiscal year, its action really constitutes a rescission, not a deferral. Therefore, the administration had no right to withhold these funds until both Houses of Congress approved a rescission request.

Third, and most important in my mind, there is no need to grant the "deferral" request since Congress has already provided funds for the transition quarter. Public Law 94–105 implicitly requires that a pro rata share of $62.5 million be authorized, appropriated, and mandated for expenditure during the transition quarter. Certainly, the administration cannot reasonably imply that we appropriated $250 million for fiscal year 1976 and $250 million for fiscal year 1977 but that we provided no funds at all for the transition quarter.

The intention of the House Education and Labor Committee and the conferees to Public Law 94–105 was to provide funding for the WIC program through fiscal year 1977, including the transition quarter. We also authorized $250 million for fiscal year 1978 but we did not make section 32 funds available for that period. If funds were not forthcoming through regular appropriations for the transition quarter, we required the Agriculture Secretary to use section 32 money to fund the WIC program during the period ending September 30, 1977. Consequently, the need to withhold funds for the transition quarter simply does not exist.

I believe that the administration's purpose in seeking a "deferral" of funds is to stall the expansion of the much-needed WIC program. Since the administration was unable to stop the WIC program through the front door—when its veto was overridden—it is trying to stop the program through the back door—by withholding funds. I hope everyone will vote against this duplicitious effort on the part of the administration.

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

The previous question was ordered.

The resolution was agreed to.

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## GENERAL LEAVE

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

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

There was no objection.

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## CONFERENCE REPORT ON H.R. 7988, HEALTH RESEARCH AND HEALTH SERVICES AMENDMENTS OF 1976

Mr. STAGGERS. Mr. Speaker, I call up the conference report on the bill (H.R. 7988) to amend the Public Health Service Act to revise and extend the program under the National Heart and Lung Institute, to revise and extend the program of National Research Service Awards, and to establish a national program with respect to genetic diseases; and to require a study and report on the release of research information, 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 West Virginia?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of April 2, 1976.)

Mr. STAGGERS (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the statement be dispensed with.

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

There was no objection.

The SPEAKER. The gentleman from West Virginia is recognized for 1 hour.

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

Mr. Speaker, as you know, the House passed this legislation in October of last year. The Senate amended the House-passed bill in December. Both measures revised and extended the authorizations of appropriations for the National Heart and Lung Institute, and for National Research Service awards, and both established a new national program with respect to genetic diseases. The House bill contained a provision, which was not in the Senate amendment, which required a study and report on the effect of release of research information under the Freedom of Information Act.

The Senate amendment contained several provisions not included in the House bill. It amended the Federal Food, Drug, and Cosmetic Act to limit the Secretary of HEW's authority with respect to safe vitamin and mineral products; amended the provisions of the National Arthritis Act and the National Diabetes Mellitus Research and Education Act; added ambulatory surgical services as a supplemental service which could be offered by migrant health centers and community health centers; amended the Public Health Service Act to allow the Indian Health Service to utilize nonprofit recruitment agencies to assist it in obtaining personnel; contained a provision which would prohibit the Secretary of HEW from considering political affiliation in making appointments to advisory committees; provided a 1-year extension of authorizations for health professions student loans and physician shortage area scholarships; and established a minority access research grant authority to assist institutions with significant enrollments of minority students in upgrading basic science departments.

I am pleased to report to my colleagues that the conferees have agreed on a measure that, in large part, combines the best provisions of both bills. The Senate has accepted the House provision with respect to the study and report on the effects of disclosure of research information, and the House managers have accepted the additional provisions of the Senate bill which I outlined above, except that, with respect to the minority access research grants, we have compromised by providing for a visiting scientist award which would authorize the Secretary of HEW to provide stipends to outstanding scientists who agree to serve as visiting faculty at colleges and universities which have significant enrollments of disadvantaged students.

Mr. Speaker, this is a measure which extends support for critical health programs—heart, lung, and blood research, research training, genetic disease screening and counseling centers, and health professions student assistance. The conference substitute can be supported by every Member of this body, and I urge them to do so.

Mr. Speaker, I yield such time as he may consume to the gentleman from Kentucky (Mr. CARTER).

Mr. CARTER. Mr. Speaker, I support the conference report on the Health Research and Health Services Amendments of 1976.

Heart and vascular—lung and blood diseases—afflict more than 30 million Americans. It is known that over 1 million Americans die from heart and blood vessel diseases each year.

Cardiovascular disease continues to be a primary health problem in the United States.

In addition, diseases of the lung account for 150,000 deaths each year.

The cost to the Nation's economy in terms of lost productivity and medical expense exceeds $56 billion annually for heart, lung, and blood diseases.

Clearly, these figures indicate the importance of continued Federal support in these areas.

I am pleased that the House and Senate agreed to incorporate the word "blood" into the title of the Institute.

This change should help give proper emphasis to blood research activities. It will also make clear that the authority of the Institute extends to the use of blood products and management of blood resources.

I also strongly support the provisions of the bill which establish authority for a national program with respect to all genetic diseases.

This program would include sickle cell anemia, Cooley's anemia, and Tay-Sachs disease, but would not be limited to these conditions.

More than 12 million Americans are tragically afflicted by genetic diseases.

It is time for Congress to take steps to focus attention on this problem and to provide Federal support in this area.

It is gratifying to see that this legislation provides for support for research, training, testing, counseling, and education programs in the area of genetic disease.

Finally, the conferees agreed upon language which limits the Food and Drug Administration's authority in certain areas of vitamin and mineral regulation.

Also accepted during conference was another amendment which would give FDA authority to prohibit false and misleading advertising under certain circumstances.

I believe that the conferees have reached a balanced, workable consensus on this important section which is designed to protect the health and safety of our citizens.

I urge that the entire conference report be given favorable consideration.

Mr. STAGGERS. Mr. Speaker, I yield such time as he may consume to the gentleman from Florida (Mr. ROGERS).

Mr. ROGERS. Mr. Speaker, I rise in support of the conference report on H.R. 7988. As the chairman of the committee, the gentleman from West Virginia, has stated, this measure represents a revision and extension of several biomedical research programs authorized by the Congress over the past several years, and it received the overwhelming support of this body last October when it passed by a vote of 375 to 5. The Senate amendment added several new provisions not contained in the House bill, which in my view, enhance the importance of this significant measure. For example, the inclusion of ambulatory surgical services as a supplemental service which may be offered by community and migrant health centers has the potential of significantly lowering the costs to the Federal Government of providing surgical care under these programs. Additionally, in view of the delay in enactment of health manpower legislation, it is essential that we extend the loan and scholarship programs to assist financially needy health professions students.

The conference report also contains a provision, not included in the House-passed bill, which clarifies the Secretary of HEW's authority under the Federal Food, Drug, and Cosmetic Act with respect to vitamin and mineral products. As many of the Members of this body know, the Food and Drug Administration engendered a great deal of controversy several years ago when it promulgated regulations limiting the potency and combination of safe vitamin and mineral products.

Although these provisions were not included in the House bill, the Health and Environment Subcommittee held 3 days of hearings on this issue during the second session of the last Congress and reported out H.R. 16317 which was not considered in the full committee before adjournment. During this Congress I introduced similar legislation, H.R. 6807, which was cosponsored by over 70 Members in the House.

At this point I would like to briefly summarize the long history of this legislation. On June 20, 1962, the Commissioner of the Food and Drug Administration published a notice in the Federal Register announcing his agency's intention to revise regulations pertaining to the labeling of dietary supplements. These proposals met with the criticisms that the regulations would unduly interfere with the "freedom of choice" of consumers to purchase vitamin and mineral products and that they were scientifically unsound. Later, on June 18, 1966, the FDA Commissioner published regulations pertaining to the labeling and content of special dietary food products. Shortly thereafter, FDA issued an order staying the effective date of the regulations because of the many objections received.

On August 2, 1973, the FDA published final regulations which were intended to become effective on January 1, 1975. These new regulations proposed that most vitamins and minerals with a potency of 150 percent or more of their recommended daily allowances be classified as drugs. Vitamins A and D were classified as drugs at 100 percent or more of their RDA levels because of their potential toxicity and have subsequently been subject to prescription drug regulations promulgated by the FDA. Further, they would have restricted vitamin and mineral manufacturers from distributing combinations of these products except in limited circumstances.

The effective date of these regulations was stayed until June 30, 1975, by the U.S. Court of Appeals for the Second Circuit in *National Nutritional Foods Association, et al.* v. *Weinberger*, 512 F. 2d 688 (C.A. 2, 1975). The court generally sustained FDA's authority to establish standards of identity for vitamin and mineral supplements and to regulate their labeling. However, the court remanded the regulations to the FDA in accordance with the instructions in the 85-page opinion.

This decision limited FDA's power to declare products to be "drugs" and instructed FDA to liberalize its criteria for determining what combinations and potencies of vitamins and minerals should be permitted in dietary supplements.

During the past several years, hundreds of bills have been introduced in response to FDA's proposed regulations. In 1966 the first version of legislation to restrict FDA's authority over vitamin and mineral supplements was introduced by former Representative Craig Hosmer and Senator PROXMIRE. This bill, and subsequent versions of it, would have virtually nullified FDA's regulatory authority over foods for special dietary uses, even those products which were potentially carcinogenic, toxic, or otherwise unsafe. Moreover, the legislation would have had the effect of nullifying existing standards of identity of conventional foods, such as breakfast cereals and orange juice, which are fortified with vitamins and minerals except where actual harm could be demonstrated. A version of the Hosmer-Proxmire bill was incorporated as a floor amendment to the Senate health manpower bill last Congress. The manpower bill died in conference.

The bill, reported by our subcommittee last Congress, reflected the concerns of subcommittee members, consumer groups and the Food and Drug Administration that the Proxmire-Hosmer proposal took away too much authority from the FDA to regulate the safety of vitamin and mineral supplements. In addition, the subcommittee bill provided the FDA with new authority to regulate the false or misleading advertising of vitamin and mineral supplements.

Title V of the conference substitute is designed to clarify the authority of the Food and Drug Administration regarding safe vitamin and mineral food supplements. The substitute would preserve the right of the individual to continue to freely purchase safe vitamins and minerals in tablets, capsules, small units of liquid measure, and certain other forms, while protecting the public from potentially unsafe and deceptively labeled and advertised products. Under the conference substitute, the FDA would be prohibited from classifying vitamins and minerals as drugs solely on the basis that they exceed the level of potency that the FDA determines is nutritionally rational or useful. The FDA would be restricted from prohibiting safe ingredients and safe potencies of vitamins and minerals if they occur in combinations other than those authorized under FDA regulations.

The conference substitute would not, however, alter the authority of the FDA under chapters IV and V of the Federal Food, Drug, and Cosmetic Act to regulate these products where there is evidence that they may be toxic, habit forming, carcinogenic, or where they are not generally recognized among qualified experts to be safe under the conditions of their intended use, or where they are otherwise not safe for use except under the supervision of a licensed practitioner.

The provisions in the conference substitute would not alter the authority of the FDA to regulate these products as drugs under chapter V of the act if they are represented for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in man.

The conference substitute contains special provisions applicable to protect certain consumers—pregnant and lactating women, children, and individuals

to meet nutritional requirements for specific medical conditions—where food supplements are represented for their use. The limitations on the Secretary's authority, under the substitute, would not apply with respect to products which simulate conventional foods or those represented as conventional foods or as the sole item of a meal or of the diet.

Other provisions of the conference substitute provide for additional protection of the public from deceptive labeling and advertising and for truthful and informative labeling.

Mr. Speaker, I wish to commend my able colleagues on the committee and cosponsors in the House for supporting these provisions in the conference substitute which will protect the individual's freedom to purchase vitamins and minerals without sacrificing adequate protection of public health and safety and control of consumer fraud.

Mr. Speaker, I hope this has served as an adequate explanation of this report. This is an important measure which deserves the support of every Member of this body, and I urge its approval.

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

Mr. STAGGERS. I yield to the gentleman from Texas.

Mr. PICKLE. Mr. Speaker, I thank the gentleman for yielding, and I would like to ask a question or two with reference to that section of the bill pertaining to vitamins. I want to be sure the conference report and the revision of the bill allows people to buy vitamins without prescriptions. Is this correct?

Mr. STAGGERS. As a general rule, yes. This matter is discussed on page 28 of the conference report. Only in instances in which a vitamin or mineral is a drug within the meaning of section 201 (g) of the Federal Food, Drug, and Cosmetic Act may it be regulated as a drug.

Mr. PICKLE. Mr. Speaker, I am pleased to hear that because this is a matter that has been of considerable concern in the Congress for over 2 years, we have had quite a controversy about vitamin legislation. The Senator from Wisconsin (Mr. PROXMIRE) has been vitally concerned about this and introduced a bill in the Senate and I have had a companion bill introduced in the House mainly to be sure vitamins may be purchased without a prescription.

Is it clear in this bill that vitamins are basically dietary supplements and they are not drugs, and the FDA will not be placing them in that category, and that is clear?

Mr. STAGGERS. That is generally correct. Of course, as pointed out in the conference report, if a high potency preparation of a vitamin or mineral is a drug as defined by section 201(g) of the act, and if the Secretary determines that it is not safe for use except under the supervision of a physician, such a high potency preparation is subject to regulation as a prescription drug.

Mr. PICKLE. I thank the gentleman.

Mr. ASHBROOK. Mr. Speaker, I would like to address my remarks to title V—the so-called vitamin title—of the conference report on the Health Research and Health Services Amendments of 1976. I am very pleased that the House and Senate conferees have agreed on language that will prevent the Food and Drug Administration from regulating safe vitamins and minerals as dangerous drugs.

I have long been opposed to the encroachment of the FDA into this field. The regulations issued by that agency reflect an overwhelming hostility against the manufacture and sale of vitamins and minerals. These regulations placed under Federal drug laws all vitamin and mineral supplements exceeding 150 percent of the FDA-established recommended daily allowance.

For the past several Congresses I have sponsored legislation to protect the right of consumers to take any amounts of vitamins and minerals they choose, so long as those amounts are not proven injurious to health. FDA bureaucrats would be barred from classifying safe vitamin and mineral supplements as dangerous drugs. The conference report which we are voting on today achieves these important objectives.

Specifically, the report stipulates that the FDA may not limit the combinations or potency of vitamins and minerals. It also provides that the FDA may not classify a vitamin as a drug solely because it exceeds the level of potency which the FDA believes nutritionally rational or useful. As a safeguard, however, these provisions would not apply to vitamins and minerals which are toxic, adulterated or harmful or which must be given under a doctor's supervision.

Mr. Speaker, title V of this bill is an important step in protecting the individual rights of Americans. I am glad that after years of controversy the Congress has come down on the side of freedom of choice for consumers.

Mr. GOLDWATER. Mr. Speaker, it gives me a great deal of pleasure to rise in support of H.R. 7988, the Health Research and Health Services Amendment Act of 1976.

In many ways this legislation is a historical first in the history of the Congress. It is something that any American can be proud of.

The House-passed bill, originally entitled the Heart, Lung, and Blood Research Act was fiscally responsible in its funding and provided for the continuation of basic programs to combat heart, lung, blood, and genetic diseases. These programs are important; they should be continued, and I am pleased to see that the Congress is doing so.

Of particular interest to me, many of my constituents, and to many people throughout the country are the provisions in this legislation that restore to individual Americans the freedom of choice to take vitamins, minerals, and health food supplements.

For over 20 years the FDA has been attempting to tell Americans what vitamins and minerals they may take, how many, in what combinations, and in what potency—without regard for whether or not they are threats to a person's health. For 20 long years the FDA has been overzealously trying to protect Americans from a threat that really does not exist. For 20 years the FDA has been attempting to treat all vitamins and minerals, when they are of a potency or combination they do not like, as drugs and require that a citizen have a medical prescription from a physician. They have been trying to do this whether or not there was one shred of evidence to support their claims that the vitamin or mineral posed a threat to human health.

This legislation sets them straight. This legislation prohibits the Secretary of HEW, and therefore, the FDA, from setting maximum limits on the potency of vitamins or minerals in dietary supplements solely because they are more than what the FDA regards as nutritionally rational or useful. Furthermore, the FDA cannot restrict vitamin or mineral combinations simply because the combination does not strike them as rational or useful.

My fellow colleagues, this legislation represents a congressional first. For the first time in congressional history the Congress is restricting and taking away regulatory authority.

It is an important day for several reasons. First, the Congress has taken this action without hindering the ability of the FDA to protect Americans against impure products, harmful or toxic products, or product frauds. What the Congress has done is tell the FDA that they were throwing too wide a net. They were going too far in trying to protect citizens from themselves. They were interfering with legitimate freedom of choice.

Second, the Congress has clearly and affirmatively responded to the complaints of Americans that their freedom of choice as individuals was being unduly interferred with by the bureaucracy. I am hopeful that the FDA will understand what the Congress is saying. We are not saying "do not do your job." We are saying, "stick to facts. Leave citizens alone when there is no compelling reason to interfere in their business." And, I believe we are saying, "The Congress has had enough with overzealousness and the belief that the Federal Government knows best how to protect citizens from themselves."

I am pleased that the Congress is taking this action and hope that this is not the last piece of legislation that restricts or takes back regulatory authority when it is not being exercised properly.

I would be remiss if I did not take this opportunity to express my sincere thanks and appreciation to the House Commerce Committee and the Health and Environment Subcommittee Chairman, PAUL ROGERS. Many months ago, I went to Congressman ROGERS and urged him to get this vitamin and mineral choice issue resolved during the 94th Congress. The presence of this legislation before the House today is a testament to his willingness to resolve the matter and to his ability to act quickly and decisively. I am not a member of his committee. Yet, both Congressman ROGERS and his staff have been open to suggestions and joint efforts. They have been honest, candid, and sincere. Consequently, I want to take this opportunity to thank my colleague for his concern, cooperative spirit, and determination. We would not have gotten this legislation before us today without it.

I urge my fellow colleagues to support the bill.

Mr. MINISH. Mr. Speaker, I rise in support of the Health Research and Health Services amendments conference report.

This bill, known as the Heart, Lung, and Blood Research, Research Training, and Genetic Diseases Act when it passed the House last October 20, is comprehensive legislation designed to deal effectively with many of the major health problems confronting our people today.

I want to congratulate the House conferees for their diligent efforts on this measure and for their willingness to blend the best of both the House and Senate version into a final production deserving support from all Members.

The conference report would amend the Public Health Service Act to extend for 2 years the Department of Health, Education, and Welfare's authority to conduct research, experiments, and demonstration programs with respect to heart, lung, blood, and blood vessel diseases. This section authorizes $349 million for fiscal 1976, $403 million for fiscal 1977, and provides the National Heart, Lung, and Blood Institute with authority to hire an additional 50 experts and consultants for this accelerated program.

An additional provision of H.R. 7988 would extend through fiscal 1977, the program of National Research Service Awards for individuals and institutions in biomedical research training. A total of $350 million is authorized for the implementation of this program.

Another significant title of the bill is shown as the "National Sickle Cell Anemia, Cooley's Anemia, Tay-Sachs and Genetic Disease Act." This title would broaden the existing programs of research, services, and information with respect to the above named diseases plus cystic fibrosis, dysantonamia, hemophilia, retinitis, pigmentosa, Huntington's chorea, and muscular dystrophy. While the conference report specifically cites these particular diseases, authority is not necessarily limited to those mentioned in the legislation.

Genetic disorders constitute a highly visible and growing problem resulting in significant individual and social burdens.

It has been estimated that 12 million Americans carry true genetic diseases; 36 percent of all spontaneous abortions are caused by chromosomal defects; 40 percent of all infant mortality results from genetic factors; and 80 percent of the incidence of mental retardation in this country is genetically related.

As an early sponsor of the original Cooley's Anemia Control Act—Public Law 92-414—I am vitally interested in seeing that this program is not undercut by the new noncategorical approach of H.R. 7988.

Thalessemia major, or Cooley's anemia, is a little known, but deadly, hereditary blood disease which affects over 100,000 Americans. Children with the disease are greatly handicapped by poor bone growth and are usually very small for their age. Rarely does a victim of Cooley's anemia live beyond the age of 20, and from early life victims are compelled to undergo frequent transfusions in order to survive.

As a reflection of my concern in this subject, I wrote Chairman ROGERS the following letter on February 24 of this year:

Hon. PAUL G. ROGERS,
*Chairman, Subcommittee on Health and the Environment, Interstate and Foreign Commerce Committee, House of Representatives, Washington, D.C.*

DEAR CHAIRMAN ROGERS: It is my understanding that you will chair the House conferees on H.R. 7988, the Heart, Lung, and Blood Research, Research Training, and Genetic Disease Act, which begins this week.

As an early sponsor of the original Cooley's Anemia Control Act (Public Law 92-414), which you supported, I am vitally concerned that research on this much neglected disease is not undercut by the new noncategorical approach embodied in the House-passed version of H.R. 7988.

The Senate bill, on the other hand, would specifically set aside funds, up to $50 million over the three-year authorization period, for testing, counseling, education, and research on Cooley's Anemia and other genetic diseases.

I strongly urge your support for the Senate amendment and ask you to oppose a move by the House conferees to delete this important section.

With kindest personal regards, I am
Sincerely yours,
JOSEPH G. MINISH,
*Member of Congress.*

On March 9, Congressman ROGERS replied as follows:

Hon. JOSEPH G. MINISH,
*U.S. House of Representatives, Washington, D.C.*

DEAR JOE: Thank you for your recent communication expressing your support for the provisions of the Senate amendment to H.R. 7988 with respect to genetic diseases.

I appreciate knowing of your concern and want to take this opportunity to advise you that House and Senate conferees have met to work out the differences between the two versions. The conferees have tentatively agreed to provide no separate line-item authorizations for testing, counseling, or research on specific genetic disorders. The proposed agreement would instead stipulate that priority in awarding grants and contracts for testing and counseling programs would be given to existing sickle cell anemia programs, and that priority in awarding grants and contracts for research on genetic diseases would be given to those applicants proposing to conduct research relating to sickle cell anemia and Cooley's anemia. In my view, this compromise will provide the Secretary with more flexibility in supporting promising research efforts in the area of genetics while, at the same time, setting forth the intent of the Congress that important efforts with respect to sickle cell anemia and Cooley's anemia should be pursued.

Kind regards, and, again, thank you for bringing your concern to my attention.

Sincerely yours,
PAUL G. ROGERS,
*Chairman,*

Mr. Speaker, I am pleased that the conferees have explicitly assigned priority to Cooley's anemia in this new legislation.

I have noted, and I urge the administration at HEW to note, the conference committee's statement on page 24 of the report:

The conference subsitute conforms to the House bill, except the Secretary is directed, in making grants and entering into contracts for research projects, to give priority to applications which are submitted for research on sickle cell anemia or for research on Cooley's anemia.

Mr. Speaker, with this firm assurance in the conference report, I urge its adoption by the House.

Mr. STAGGERS. 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 appear to have it.

Mr. FRENZEL. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 360, nays 0, not voting 73, as follows:

[Roll No. 191]

YEAS—360

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| Abdnor | Conable | Hannaford |
| Abzug | Conte | Hansen |
| Adams | Corman | Harkin |
| Addabbo | Cornell | Harrington |
| Alexander | Cotter | Harris |
| Allen | Coughlin | Hawkins |
| Ambro | D'Amours | Hays, Ohio |
| Anderson, Calif. | Daniel, Dan | Hébert |
| | Daniel, R. W. | Hechler, W. Va. |
| Anderson, Ill. | Daniels, N.J. | Heckler, Mass. |
| Andrews, N.C. | Danielson | Hefner |
| Andrews, N. Dak. | Davis | Helstoski |
| | Delaney | Hicks |
| Annunzio | Dellums | Hightower |
| Archer | Dent | Hillis |
| Armstrong | Derrick | Holt |
| Ashbrook | Derwinski | Holtzman |
| Ashley | Devine | Horton |
| Aspin | Dickinson | Howard |
| Bafalis | Dodd | Howe |
| Baldus | Downey, N.Y. | Hubbard |
| Baucus | Downing, Va. | Hughes |
| Bauman | Drinan | Hungate |
| Beard, R.I. | Duncan, Oreg. | Hutchinson |
| Beard, Tenn. | Duncan, Tenn. | Hyde |
| Bedell | Early | Jacobs |
| Bennett | Eckhardt | Jarman |
| Bergland | Edgar | Jeffords |
| Biaggi | Edwards, Ala. | Jenrette |
| Biester | Edwards, Calif. | Johnson, Calif. |
| Bingham | Eilberg | Johnson, Colo. |
| Blanchard | Emery | Jones, Ala. |
| Blouin | English | Jones, N.C. |
| Boggs | Erlenborn | Jones, Okla. |
| Boland | Evans, Colo. | Jordan |
| Bonker | Fary | Karth |
| Bowen | Fascell | Kasten |
| Brademas | Fenwick | Kastenmeier |
| Breaux | Findley | Kazen |
| Brinkley | Fish | Kelly |
| Brodhead | Fisher | Kemp |
| Brooks | Fithian | Ketchum |
| Broomfield | Flood | Keys |
| Brown, Calif. | Florio | Koch |
| Brown, Mich. | Foley | Krebs |
| Brown, Ohio | Ford, Mich. | Krueger |
| Broyhill | Ford, Tenn. | LaFalce |
| Buchanan | Forsythe | Lagomarsino |
| Burgener | Fountain | Latta |
| Burke, Fla. | Fraser | Leggett |
| Burke, Mass. | Frenzel | Lent |
| Burleson, Tex. | Frey | Levitas |
| Burlison, Mo. | Fuqua | Litton |
| Burton, John | Gaydos | Lloyd, Calif. |
| Burton, Phillip | Giaimo | Lloyd, Tenn. |
| Butler | Gilman | Long, La. |
| Byron | Ginn | Long, Md. |
| Carney | Goldwater | Lott |
| Carr | Gonzalez | Lundine |
| Carter | Goodling | McClory |
| Cederberg | Gradison | McCollister |
| Chappell | Grassley | McCormack |
| Clancy | Gude | McDade |
| Clausen, Don H. | Guyer | McDonald |
| | Hagedorn | McKinney |
| Clawson, Del | Haley | Madden |
| Clay | Hall | Madigan |
| Cleveland | Hamilton | Maguire |
| Cochran | Hammer-schmidt | Mahon |
| Cohen | | Mann |
| Collins, Tex. | Hanley | Martin |

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| Mathis | Pickle | Snyder |
| Matsunaga | Pike | Solarz |
| Mazzoli | Poage | Spellman |
| Meeds | Pressler | Spence |
| Metcalfe | Preyer | Staggers |
| Meyner | Price | Stanton, |
| Mezvinsky | Pritchard | J. William |
| Mikva | Quie | Steed |
| Milford | Quillen | Steiger, Ariz. |
| Miller, Calif. | Railsback | Steiger, Wis. |
| Miller, Ohio | Rangel | Stephens |
| Mills | Regula | Stokes |
| Mineta | Reuss | Stratton |
| Minish | Richmond | Stuckey |
| Mink | Riegle | Studds |
| Mitchell, Md. | Rinaldo | Sullivan |
| Mitchell, N.Y. | Risenhoover | Symms |
| Moakley | Robinson | Talcott |
| Moffett | Rodino | Taylor, Mo. |
| Mollohan | Roe | Taylor, N.C. |
| Montgomery | Rogers | Teague |
| Moore | Roncalio | Thompson |
| Moorhead, | Rooney | Thone |
| Calif. | Rose | Thornton |
| Moorhead, Pa. | Rosenthal | Traxler |
| Morgan | Rostenkowski | Treen |
| Mosher | Rousselot | Tsongas |
| Moss | Roybal | Van Deerlin |
| Mottl | Runnels | Vander Jagt |
| Murphy, Ill. | Ruppe | Vander Veen |
| Murphy, N.Y. | Russo | Vanik |
| Murtha | Ryan | Waggonner |
| Myers, Ind. | St Germain | Wampler |
| Myers, Pa. | Santini | Whalen |
| Natcher | Sarasin | Whitten |
| Neal | Satterfield | Wiggins |
| Nichols | Scheuer | Wilson, Bob |
| Nolan | Schneebeli | Wilson, C. H. |
| Nowak | Schroeder | Winn |
| Oberstar | Schulze | Wirth |
| Obey | Sebelius | Wolff |
| O'Brien | Seiberling | Wydler |
| O'Neill | Sharp | Wylie |
| Ottinger | Shipley | Yates |
| Passman | Shriver | Yatron |
| Patterson, | Shuster | Young, Fla. |
| Calif. | Simon | Young, Ga. |
| Pattison, N.Y. | Sisk | Young, Tex. |
| Paul | Skubitz | Zablocki |
| Perkins | Slack | Zeferetti |
| Pettis | Smith, Iowa | |
| Peyser | Smith, Nebr. | |

NAYS—0

NOT VOTING—73

| | | |
|---|---|---|
| AuCoin | Harsha | Pepper |
| Badillo | Hayes, Ind. | Randall |
| Barrett | Heinz | Rees |
| Bell | Henderson | Rhodes |
| Bevill | Hinshaw | Roberts |
| Bolling | Holland | Roush |
| Breckinridge | Ichord | Sarbanes |
| Burke, Calif. | Johnson, Pa. | Sikes |
| Chisholm | Jones, Tenn. | Stanton, |
| Collins, Ill. | Kindness | James V. |
| Conlan | Landrum | Stark |
| Conyers | Lehman | Steelman |
| Crane | Lujan | Symington |
| de la Garza | McCloskey | Udall |
| Diggs | McEwen | Ullman |
| Dingell | McFall | Vigorito |
| du Pont | McHugh | Walsh |
| Esch | McKay | Waxman |
| Eshleman | Macdonald | Weaver |
| Evans, Ind. | Melcher | White |
| Evins, Tenn. | Michel | Whitehurst |
| Flowers | Nedzi | Wilson, Tex. |
| Flynt | Nix | Wright |
| Gibbons | O'Hara | Young, Alaska |
| Green | Patten, N.J. | |

The Clerk announced the following pairs:

Mr. Jones of Tennessee with Mr. Harsha.
Mr. Badillo with Mr. Diggs.
Mr. Green with Mr. Bell.
Mr. Holland with Mr. O'Hara.
Mr. Flynt with Mr. Whitehurst.
Mr. Symington with Mr. Conlan.
Mr. Waxman with Mr. Crane.
Mr. Pepper with Mr. du Pont.
Mr. Patten with Mr. Johnson of Pennsylvania.
Mr. Hayes of Indiana with Mr. Heinz.
Mr. Vigorito with Mr. Esch.
Mr. White with Mr. Lujan.
Mr. AuCoin with Mr. Eschleman.
Mr. Stark with Mr. McKay.
Mr. Bevill with Mr. Michel.
Mr. Ichord with Mr. Kindness.
Mr. McHugh with Mr. Udall.
Mr. Melcher with Mr. Young of Alaska.
Mr. Evins of Tennessee with Mr. McClosky.
Mr. de la Garza with Mr. McEwen.
Mr. Dingell with Mr. Flowers.
Mr. Nedzi with Mr. Steelman.
Mr. Roush with Mr. Roberts.
Mr. Weaver with Mr. Henderson.
Mrs. Collins of Illinois with Mrs. Burke of California.
Mr. Evans of Indiana with Mrs. Chisholm.
Mr. Gibbons with Mr. Landrum.
Mr. Sarbanes with Mr. Lehman.
Mr. Randall with Mr. Macdonald of Massachusetts.
Mr. Nix with Mr. Sikes.
Mr. Rees with Mr. Walsh.
Mr. James V. Stanton with Mr. Charles Wilson of Texas.
Mr. Wright with Mr. McFall.
Mr. Breckenridge with Mr. Ullman.
Mr. Barrett with Mr. Conyers.

Mr. PAUL and Mr. SYMMS changed their vote from "nay" to "yea."

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

## GENERAL LEAVE

Mr. ROGERS. 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.

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

There was no objection.

## FURTHER MESSAGE FROM THE PRESIDENT

A further message in writing from the President of the United States was communicated to the House by Mr. Roddy, one of his secretaries.

## PROVIDING FOR CONDITIONAL ADJOURNMENT OF CONGRESS FROM APRIL 14, 1976, UNTIL APRIL 26, 1976

The SPEAKER. The Chair lays before the House the Senate concurrent resolution (S. Con. Res. 111) providing for a conditional adjournment of the Congress from April 14, 1976 until April 26, 1976.

The Clerk read the Senate concurrent resolution as follows:

S. CON. RES. 111

*Resolved by the Senate (the House of Representatives concurring)*, That when the two Houses adjourn on Wednesday, April 14, 1976, they stand adjourned until 12 o'clock noon on Monday, April 26, 1976, or until 12 o'clock noon on the second day after their respective Members are notified to reassembly in accordance with section 2 of this resolution, whichever event first occurs.

SEC. 2. The Speaker of the House of Representatives and the President pro tempore of the Senate shall notify the Members of the House and the Senate, respectively, to reassemble whenever in their opinion the public interest shall warrant it or whenever the majority leader of the House and the majority leader of the Senate, acting jointly, or the minority leader of the House and the minority leader of the Senate, acting jointly, file a written request with the Clerk of the House and the Secretary of the Senate that the Congress reassemble for the consideration of legislation.

SEC. 3. During the adjournment of both Houses of Congress as provided in section 1, the Secretary of the Senate and the Clerk of the House, respectively, be, and they hereby are, authorized to receive messages, including veto messages, from the President of the United States.

The Senate concurrent resolution was concurred in.

A motion to reconsider was laid on the table.

## FEDERAL EMPLOYEES POLITICAL ACTIVITIES ACT OF 1976—VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 94-449)

The SPEAKER laid before the House the following veto message from the President of the United States:

*To the House of Representatives:*

I am today returning, without my approval, H.R. 8617, a bill that would essentially repeal the Federal law commonly known as the Hatch Act, which prohibits Federal employees from taking an active part in partisan politics.

The public expects that government service will be provided in a neutral, nonpartisan fashion. This bill would produce an opposite result.

Thomas Jefferson foresaw the dangers of Federal employees electioneering, and some of the explicit Hatch Act rules were first applied in 1907 by President Theodore Roosevelt. In 1939, as an outgrowth of concern over political coercion of Federal employees, the Hatch Act itself was enacted.

The amendments which this bill make to the Hatch Act would deny the lessons of history.

If, as contemplated by H.R. 8617, the prohibitions against political campaigning were removed, we would be endangering the entire concept of employee independence and freedom from coercion which has been largely successful in preventing undue political influence in Government programs or personnel management. If this bill were to become law, I believe pressures could be brought to bear on Federal employees in extremely subtle ways beyond the reach of any anti-coercion statute so that they would inevitably feel compelled to engage in partisan political activity. This would be bad for the employee, bad for the government, and bad for the public.

Proponents of this bill argue that the Hatch Act limits the rights of Federal employees. The Hatch Act does in fact restrict the right of employees to fully engage in partisan politics. It was intended, for good reason, to do precisely that. Most people, including most Federal employees, not only understand the reasons for these restrictions, but support them.

However, present law does not bar all political activity on the part of Federal employees. They may register and vote in any election, express opinions on political issues or candidates, be members of and make contributions to political

parties, and attend political rallies and conventions, and engage in a variety of other political activities. What they may not—and, in my view, should not—do is attempt to be partisan political activists and impartial Government employees at the same time.

The U.S. Supreme Court in 1973 in affirming the validity of the Hatch Act, noted that it represented "a judgment made by this country over the last century that it is in the best interest of the country, indeed essential, that federal service should depend upon meritorious performance rather than political service, and that the political influence of federal employees on others and on the electoral process should be limited."

The Hatch Act is intended to strike a delicate balance between fair and effective government and the First Amendment rights of individual employees. It has been successful, in my opinion, in striking that balance.

H.R. 8617 is bad law in other respects. The bill's provisions for the exercise of a Congressional right of disapproval of executive agency regulations are Constitutionally objectionable. In addition, it would shift the responsibility for adjudicating Hatch Act violations from the Civil Service Commission to a new Board composed of Federal employees. No convincing evidence exists to justify this shift. However, the fundamental objection to this bill is that politicizing the Civil Service is intolerable.

I, therefore, must veto the measure.

GERALD R. FORD.

THE WHITE HOUSE, *April 12, 1976.*

The SPEAKER. The objections of the President will be spread at large upon the Journal, and the message and bill will be printed as a House document.

Mr. CLAY. Mr. Speaker, I ask unanimous consent that further consideration of the veto message from the President on the bill H.R. 8617 be postponed until Thursday, April 29, 1976.

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

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, I would appreciate it if my good colleague and subcommittee chairman, the gentleman from Missouri (Mr. CLAY), would explain to us why we could not vote on this important issue today or tomorrow. It is only 2:40 in the afternoon. There is lots of time left.

I really do not understand why we are not voting on this critical issue today.

Mr. CLAY. Mr. Speaker, if the gentleman will yield, I think it is precisely for that reason. It is important and it is critical, and the Members ought to have sufficient time to study the President's veto message. I think we, as the committee that fostered this bill and brought it through the subcommittee, through the full committee, and through the House, ought to have ample time to refute or to rebut the arguments presented by the President. Therefore, I have asked unanimous consent to postpone consideration.

Mr. ROUSSELOT. Mr. Speaker, further reserving the right to object, I am somewhat hesitant not to have a vote on this matter this week, because we had many hours of discussion on this bill on the floor when it was in the House, and then, again, when it came back as a conference report.

I really believe the Members of the House are very well informed on this issue. It is difficult for me to understand why we cannot get a vote today or at least this week.

Mr. CLAY. Mr. Speaker, apparently the Members are very well informed as to the reasons why the President has vetoed the bill. That message just came in, and it was read.

However, I think we owe the Members of the House a sufficient amount of time to familiarize themselves more fully with the President's reasons for his veto. That is why I am making this request.

Mr. ROUSSELOT. Mr. Speaker, I am very tempted to force a vote on this. If any of my colleagues wish me to yield, I would be pleased to yield to them.

Further reserving the right to object, may I ask the gentleman from Missouri (Mr. CLAY), is there any way we could bring this matter up tomorrow?

Mr. CLAY. I do not think so.

Mr. ROUSSELOT. That would provide ample time to digest the President's message, because it was short and to the point. The President spoke on this issue, I believe, in Wisconsin. He has addressed the issue. It is not an old issue. The issue is whether we want to change the present provisions of the Hatch Act or whether we do not.

Mr. Speaker, I note that my colleague, the gentleman from Virginia (Mr. FISHER) is here.

Further reserving the right to object, does my colleague, the gentleman from Virginia, wish to comment, inasmuch as he has so many Federal employees in his district? I will ask the gentleman from Virginia whether he believes the Federal employees in his district understand the issue.

Mr. FISHER. Mr. Speaker, if the gentleman will yield, I do not really care to comment at this time. My position on this matter is very well known. I expect to vote to sustain the veto. I see no point in pressing the question for action on 1 day as against another.

Mr. ROUSSELOT. The gentleman would not object to voting on it this week?

Mr. FISHER. No; I would not object.

Mr. CLAY. Mr. Speaker, if the gentleman will yield further, this matter has been discussed with the leadership on that side of the aisle and the leadership on this side of the aisle, and we have all come to the agreement that April 29 would be the best date to take up this veto message.

Mr. ROUSSELOT. Mr. Speaker, further reserving the right to object, is that not the day we take up the budget resolution?

Mr. CLAY. I do not know.

Mr. ROUSSELOT. I think it is. I believe we are scheduled to take up that monumental resolution on the budget on that day, and I know that is a very important piece of legislation.

Mr. Speaker, I wish to express my great disappointment that we are not going to vote on this matter this week. Again I indicate that it is a quarter of 3 in the afternoon, and we would have plenty of time to do it today. I find it most disappointing that my colleague, the gentleman from Missouri (Mr. CLAY), has decided to put this over until after the recess.

Mr. Speaker, I withdraw my reservation of objection.

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

There was no objection.

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## PERMISSION TO FILE CONFERENCE REPORT ON S. 3065, FEDERAL ELECTION CAMPAIGN ACT AMENDMENTS OF 1976

Mr. McFALL. Mr. Speaker, I ask unanimous consent that the managers may have until midnight tonight to file a conference report on the Senate bill (S. 3065) to amend the Federal Election Campaign Act of 1971 to provide for its administration by a Federal Election Commission appointed in accordance with the requirements of the Constitution, and for other purposes.

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

There was no objection.

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## PERMISSION FOR SUBCOMMITTEE ON IMMIGRATION, CITIZENSHIP, AND INTERNATIONAL LAW OF COMMITTEE ON THE JUDICIARY TO SIT DURING 5-MINUTE RULE ON WEDNESDAY, APRIL 14, 1976

Mr. SEIBERLING. Mr. Speaker, I ask unanimous consent that the Subcommittee on Immigration, Citizenship, and International Law of the Committee on the Judiciary be permitted to sit during the 5-minute rule on Wednesday, April 14, 1976.

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

There was no objection.

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## PERSONAL EXPLANATION

Mr. WALSH. Mr. Speaker, I was unavoidably detained during the last vote, the vote on the conference report on H.R. 7988. I wish the RECORD to indicate that had I been present, I would have voted "yea."

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## DEMOCRACY IN ITALY IS BEING THREATENED

(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, last week's political violence in Italy has sparked new fears about the future of the Italian nation, the rapid rise of the Communist Party and their direct influence in last week's unrest, now makes it apparent that democracy in Italy is being threatened more today than at any time since the Fascist days of Mussolini.

While some were surprised at the intensity of last week's violence, for most

other observers it seemed a natural outgrowth of the economic and political unrest which has affected Italy since last summer's general election, when the Communists received almost one-third of the vote. In the succeeding months, the ruling Christian Democrat Party struggled to maintain power despite the pressures to form a coalition government.

The Communists have masterfully exploited the weakened condition of the Christian Democrats and forced them to make several key concessions. Their boldest move came last month when they forced the Christian Democrats to allow them into negotiations on future Italian economic policy. This represented the most direct role the Communists have played in the Italian government since 1947.

Last week's violence adds a completely new element to the situation. It now appears that the Communists are attempting to force the hand of the government and call for new elections which the Communists feel could catapult them into power.

It is imperative that this Nation concern itself more directly with the future of Italy. Americans would be unwilling to support a Communist dominated Italy. Her continued presence in NATO as a Communist nation would make a mockery of this important international organization. The fall of Italy could have a snowballing effect on the rest of the Mediterranean region as well as Western Europe, thus placing the security of this Nation and the entire free world into dire jeopardy.

Let us come to their aid before it is too late. Let us encourage and assist the Christian Democrats to take the important initiatives which will stabilize the economic situation in Italy, which is at the very heart of the problem. Let us work to help democracy in Italy. Let us not wait until we are forced to deal with a Communist government in Italy.

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## READ 'EM AND WEEP

(Mr. RONCALIO asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. RONCALIO. Mr. Speaker, as we explore means to attack the massive energy problems we face in America today, we must finally examine a few hard facts. The truths cited in the following article by Tom Braden which appeared in yesterday's Washington Post, deserve our attention. The article follows:

TOM BRADEN

Keep government out of business. That's supposed to be the mood of the country, and most of the candidates for President are talking to the mood. But time and events do not always wait upon moods. While the country is going through a pout about big government, time and events are piling up more decisions and more tasks. The decisions can only be made by government, and some of the tasks can only be performed by government.

Take, for example, the problem of the energy that heats our homes, powers our industries and gets us all to work in the morning. The energy problem is not getting better. It's getting worse. The oil companies are not devoting more effort to finding oil in this country. They are relying more and more upon imports. The nuclear fission industry, already suffering from doubts about safety, is now confronted with a more immediate doubt about whether, under regulations imposed for the sake of safety, it can make a profit. Solar energy and nuclear fusion are still in the future.

To whom is the country going to turn in the event of another oil embargo or energy shortage or another steep rise in energy prices? Surely not to private enterprise.

There is in fact large doubt among those who have studied the energy problem as to whether private enterprise can ever solve it. "Through the workings of the private enterprise system," writes Barry Commoner in the New Yorker, "we have been provided with the wrong kinds of heating and cooling devices, the wrong kinds of automobiles and freight carriers, the wrong kinds of power plants, the wrong kinds of fuels."

There was a time—and Commoner reminds us of it—when the cities of the nation were served by trolley cars. They were extremely energy efficient; they got people to work on time and they did not create the smog that mars our cities now.

Why were the trolley cars removed? Because we preferred to ride on buses? Not at all. They were removed because General Motors, Standard Oil and Firestone formed an alliance to buy up the private companies that ran them and put them out of business so that General Motors could sell buses instead.

No onus is intended. Private enterprise can make more money by operating buses than it can make by operating trolley cars. Money—not the rational use of energy—is what makes private enterprise work.

Another example. The petrochemical industry, Commoner points out, takes a large share of the nation's energy and uses it very inefficiently. As it makes plastics to replace leather, synthetic fibers to replace cotton and nitrogen fertilizers to replace manure, the energy required to produce a handbag, a shirt or a bushel of corn increases and so do the profits.

In short, Commoner argues, corporations exist to make profits, and the social good they do is incidental. Government, on the other hand, exists for the purpose of social good. So why not let government take over the energy business?

The notion may startle ideologists. But consider again what the profit system has done to our energy habits within the last 30 years. It has determined that automobiles shall be large and sufficiently powered to travel 100 miles per hour, that trains shall be abandoned, that electricity shall be produced by nuclear power, that we shall wear synthetic materials instead of cotton or wool and wash them with detergent rather than soap, that baseball shall be played on plastic rather than grass and that the beneficial energy of sunlight shall go largely unused.

If Commoner is right—and he's written the first lucid account of the energy problem—it will be with us so long as we permit private enterprise to do the job.

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## RESULTS OF 1976 QUESTIONNAIRE

The SPEAKER pro tempore (Mr. CARNEY). Under a previous order of the House, the gentleman from North Carolina (Mr. MARTIN) is recognized for 20 minutes.

Mr. MARTIN. Mr. Speaker, I take this special order to report to the Congress the results of my recent 1976 questionnaire. As in the past, the questionnaire was mailed to every postal patron. The 20,280 responses make this the fourth consecutive year in which responses have exceeded 20,000.

The 12 questions were intended to give the people of the Ninth District a convenient opportunity to express their views on major issues facing Congress. Many other important issues were omitted for lack of space. Some questions sought to explore a more narrow aspect of a broader question asked in earlier years.

The first six questions dealt with a range of policy matters that affect the fiscal 1977 Federal budget. After one question on Government strikes there were a series of three questions on foreign policy. The last two questions presented proposals to change criminal law.

Let me submit for printing, at this point, a tabulation of the results:

[Results in per cent]

1. Should any tax cut be coupled with a dollar-for-dollar decrease in federal spending?

| | |
|---|---|
| Yes | 85 |
| No | 11 |
| Undecided | 4 |

2. Do you think $20 billion (5% of the $394 billion Federal budget) is too much to spend on military weapons and supplies?

| | |
|---|---|
| Yes | 23 |
| No | 72 |
| Undecided | 5 |

3. Should there be a cost-of-living increase in social security benefits?

| | |
|---|---|
| Yes | 70 |
| No | 29 |
| Undecided | 1 |

4. Should the Federal Government provide health insurance for long-term, major (catastrophic illnesses)?

| | |
|---|---|
| Yes | 52 |
| No | 44 |
| Undecided | 4 |

5. Should the Federal Government provide and pay for jobs for the unemployed?

| | |
|---|---|
| Yes | 19 |
| No | 76 |
| Undecided | 5 |

6. Should businesses be given tax incentives to expand and provide more jobs?

| | |
|---|---|
| Yes | 74 |
| No | 21 |
| Undecided | 5 |

7. Should government employees have the right to strike?

| | |
|---|---|
| Yes | 16 |
| No | 80 |
| Undecided | 4 |

8. Should the United States give $10 billion in food aid to underdeveloped countries unable to feed their own people?

| | |
|---|---|
| Yes | 32 |
| No | 62 |
| Undecided | 6 |

9. Should the United States continue to resist the spread of Russian influence in the world?

| | |
|---|---|
| Yes | 78 |
| No | 14 |
| Undecided | 8 |

10. Do you feel the effectiveness of the CIA has been damaged by congressional investigations?

| | |
|---|---|
| Yes | 73 |
| No | 22 |
| Undecided | 5 |

**11. Do you favor legislation allowing only law enforcement officers to have hand guns?**

| | |
|---|---|
| Yes | 29 |
| No | 65 |
| Undecided | 6 |

**12. Do you favor the death penalty for persons convicted of airport bombings in which death results?**

| | |
|---|---|
| Yes | 87 |
| No | 8 |
| Undecided | 5 |

A comparison of this set of results with earlier questionnaire results provides an interesting comparison that helps to give perspective to their meaning. With that in mind let me offer a few observations in analyzing each of the questions.

Question No. 1 on spending cuts highlighted fiscal and economic attitudes, showing that support is 8 to 1 for matching spending cuts with tax cuts. Last year 2 to 1 favored tax cuts to ease the recession. Probably there is still a majoriy for tax cuts regardless of spending levels, but an overwhelming majority wants offsetting spending cuts.

Question No. 2 on defense spending indicates that only one out of four felt that 5 percent of the Federal budget was too much to spend on weapons and supplies. This does not mean these respondents approve every defense proposal, because in two previous polls, 41 to 35 and 50 to 37 margins favored cutting defense spending. On those polls, cutting social program spending was favored by about 3 to 1. This year, rather than repeat the same general question, this specific version found that only one in four would cut military hardware, the only part of the fiscal year 1977 defense budget proposed to be increased—up from 2.8 percent—and is the focus of the current legislative controversy. In view of the continuing Soviet buildup of weaponry, it is essential to maintain a balance of strategic—nuclear—as well as conventional weapons until such time as Russia agrees to comparable reductions. The total 1977 defense proposal would be $101 billion, 25.7 percent of the budget and will probably wind up as a smaller fraction, but my constituents clearly do not want a cut in weaponry.

Question No. 3 on social security cost of living increases was a repeat from last year. In 1975, 2 to 1 favored a cost of living increase. This year the figure was better than 2 to 1 for that increase. We have a moral obligation to approve such increases to neutralize the impact of inflation on the elderly dependent on social security.

Question No. 4 on health insurance is related to one asked last year. In 1975, comprehensive national health insurance, financed with tax funds, was opposed by a 3 to 1 margin. This year by a margin of 52 to 44, respondents said they favored the alternative of catastrophic coverage. Clearly, they do not want Government to "pay all your bills for all your ills" with a socialistic scheme, but do want attention paid to the major gaps in health care.

Questions No. 5 and No. 6 deal with jobs. Last year a slight majority opposed the creation of Government jobs for the unemployed during the recession. This year, given the choice between creating Government jobs for the unemployed versus tax incentives for businesses to provide jobs, three out of four are solidly for the latter and the free enterprise system. This is a clear-cut preference on a major option facing Congress.

Question No. 7 on Government employee strikes showed the same 5-to-1 margin as in 1974 strongly opposed to strikes by Government employees.

Question No. 8 on foreign aid probed a new area of inquiry for my questionnaire. The "right to food resolution" in Congress calls for the United States to donate 1 percent of our gross national product—$16 billion—in food and related aid to "third world" countries. The support for this by several church organizations prompted this question. The dollar amount was cut to $10 billion which still exceeds the present $6.7 billion for all foreign aid. Considering what my mail has been on that overall topic, the 32-percent level of support for this proposal was surprisingly high.

Question No. 9 on the spread of Russian influence was a very broad question mainly intended as an indirect inquiry into isolationism. The strong support—78 percent—for a general policy of resistance should not be interpreted as an assessment of support for specific policies in Vietnam, Angola, the Middle East, or Europe. Other aspects of this vital issue will be probed in the future. It does mean that my constituents do not want the United States to "cop out" internationally.

Question No. 10 dealt with the CIA. In 1975, by a 57-to-36 margin, respondents opposed a "full, public investigation of the Central Intelligence Agency." This year, in this followup question, three out of four felt the CIA's effectiveness "has been damaged." Congress has the responsibility for oversight of intelligence agencies but should not destroy the agencies' credibility or operations by "leaking" sensitive material.

Question No. 11 was on gun control, an issue that has been probed in a more general way before. In 1973, 53 percent favored "stricter gun controls at the Federal level." This year the issue was more narrowly related to a specific bill before the Judiciary Committee: To take away handguns from all but law enforcement officers, and only 29 percent supported that approach. In earlier questionnaires, a large majority favored stricter penalties for criminal use of guns. According to my mail, that is still strongly preferred.

Question No. 12 on the death penalty is a followup to one asked in 1975. Last year, 10 out of 12 responses supported restoring the death penalty. This year, 11 out of 12 would apply the death penalty for persons "convicted of airport bombings in which death results."

In addition to responding to the questionnaire, many 9th District residents included comments with it. A sampling of the remarks follows:

"Decentralize the Federal Government. Put the power back into local hands." Mr. L. L. L.

"Something needs to be done about this money going to Presidential candidates." Mr. P. L. S.

"Let's not add more burden to lower income people by increasing social security taxes." Mr. A. W.

"Is it not possible to remain a democracy rather than becoming a socialistic government?" Mr. and Mrs. H. L. N.

"Please save some money and stop sending these dumb things out. The questions are rigged and you're going to vote how you want anyway." Anonymous.

"It's about time somebody cares about what we taxpayers think and want. Keep trying to find out." Mrs. M. G. C.

We in Congress should spend more time than we do trying to find out what the taxpayers think and want. If my reading of sentiment in my district is near accurate, my people are saying they want reduced governmental intervention in their lives and in the economy and an unquestionably strong defense against criminals, domestic and international. They are willing to pass up the offer of the security of a public service job if all else fails, and they are not at all enthusiastic about their Government tending to all their ailments. What it seems they want is to be left alone by their Government so the latter can concentrate on the common defense.

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## WAYS AND MEANS OVERSIGHT SUBCOMMITTEE ANNOUNCES HEARING ON IRS PROCEDURES IN THE COLLECTION OF DELINQUENT TAXES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oklahoma (Mr. JONES) is recognized for 5 minutes.

Mr. JONES of Oklahoma. Mr. Speaker, at the request of Chairman CHARLES A. VANIK, I am heading a study group for the Ways and Means Oversight Subcommittee on the Internal Revenue Service's procedures used in the collection of delinquent taxes and the ways in which those procedures can be improved.

The first in what will be a series of hearings during 1976 is scheduled for 10 a.m., April 27. The hearing room location will be announced at a later date. The witnesses will be ranking officials from the Internal Revenue Service, officials of the National Treasury Employees Union, and representatives of public interest tax reform groups.

The initial hearing will concentrate on the findings and recommendations of the IRS project report of the Administrative Conference of the United States, which was issued last fall. The project report was an indepth study of six areas of IRS operations. Chapter 2, which is probably the most thorough chapter, concentrates on the "Collection of Delinquent Taxes" and offer a large number of observations and recommendations.

The April 27 hearing will seek to determine:

First, the general reaction to the report and its recommendations;

Second, steps that the IRS is taking to implement portions of the recommendations as well as areas where IRS management disagrees with the report; and

Third, other collection issues not raised in the Administrative Conference's report.

The subcommittee has obtained copies of chapter 2 as a committee print and it is available from the subcommittee office, 1539 Longworth HOB, Washington, D.C.

The subcommittee will be studying this issue for some time and invites comments which the general public, tax practitioners, IRS employees, et cetera, may have on the administrative conference's report and other issues related to the ways and means by which the IRS collects delinquent taxes.

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## INTERNATIONAL BANKING ACT OF 1976

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. REUSS) is recognized for 5 minutes.

Mr. REUSS. Mr. Speaker, Congressman REES, chairman of the Subcommittee on International Trade, Investment, and Monetary Policy, Congressman ST GERMAIN, chairman of the Subcommittee on Financial Institutions Supervision, Regulation, and Insurance, and I are introducing the International Banking Act of 1976. What follows is an explanation of the contents of this legislation.

Section 101, definitions.

Section 102, establishment of national banks: The Comptroller of the Currency is authorized to permit up to one-third of the directors of foreign banks in the United States to be non-U.S. citizens. The Comptroller is also granted authority to deny a foreign banking application in the United States if he determines, after consultation with the Secretary of State, Secretary of the Treasury, and the Federal Reserve Board of Governors, that it would not be in the interests of the United States to permit the requested banking activity.

Section 103, edge corporations: This permits foreign banks to own Edge Act corporations—domestic banking offices engaging in foreign trade transactions—upon approval by the Board of Governors of the Federal Reserve System after consultation with the Secretary of the Treasury and the Secretary of State and a determination that this would not adversely affect the domestic or foreign commerce of the United States.

Section 104, Federal branches: The Comptroller is given authority to authorize the establishment of Federal branches of foreign banks in States where they are not prohibited by State law. Federal branch operations will generally be subject to the same duties, restrictions, and conditions that would apply if it were a national bank doing business at the same location. Foreign banks are permitted to convert State-chartered branches to Federal branches.

Section 105, branching across State lines: Foreign banks are prohibited from branching or establishing agencies across State lines unless the branch or agency is approved by the State banking authorities in both the bank's home State and the State in which the foreign bank seeks to establish the new branch or agency. Additionally, all branches of the foreign bank in all States must be Federal branches. Branches operating in more than one State on or before December 3, 1974, are "grandfathered" provided they convert to a Federal branch within 2 years of the date of enactment of this law.

Section 106, acceptance of deposits: Since branches of foreign banks are not members of the Federal Deposit Insurance Corporation, they are not permitted to accept deposits of U.S. citizens or businesses without maintaining with the FDIC a surety deposit or bond in an amount determined by the Federal Reserve Board as sufficient to protect depositors and creditors of the branch.

Section 107, authority of Federal Reserve System: The Federal Reserve Board is granted the authority to make branches and agencies of foreign banks subject to reserve requirements, interest rate controls, and reporting requirements which are imposed on Federal Reserve member banks. The Federal Reserve is also granted the authority to draft rules and regulations permitting access of branches and agencies of foreign banks to the clearing, discount, and advance facilities of the Federal Reserve System.

Section 108, nonbanking activities: This section makes the provisions of the Bank Holding Company Act of 1956—as amended—applicable to each foreign bank which has a branch, agency or subsidiary in the United States. The nonbanking activities engaged in as of December 3, 1974—the date of introduction of the original Federal Reserve foreign banking legislation—must be terminated by December 31, 1985. A foreign bank or subsidiary which is underwriting, distributing, or selling securities in the United States may continue in the write securities in the United States, but many not sell or distribute securities in the United States except to the extent allowed national banks.

Section 109, guidelines for entry: Requires that the Secretary of the Treasury establish guidelines for the entry of foreign banking organizations and individuals into banking in the United States. The Secretary would have the authority to disapprove applications for foreign branches, or acquisitions of domestic banks by foreign banks, either at the Federal or the State level, if the Secretary finds that approval would be contrary to the guidelines established under this section.

Section 110, representative offices: Requires that representative offices of foreign banks be registered with the Secretary of the Treasury.

Section 111, cease-and-desist orders: Allows bank regulatory authorities to issue cease-and-desist orders in the same manner in which they apply to an insured bank.

Mr. Speaker, this bill differs from the original Federal Reserve Board legislative proposals of 1974 and 1975 in the areas which follow:

### BRANCHING ACROSS STATE LINES AND "GRANDFATHERING"

The Federal Reserve bill would permit any foreign bank to open a branch in any State without regard to State law. Our bill would permit a foreign bank to establish a branch outside its home State only with the approval of the regulatory authorities in both the home State and the State in which the branch is to be located. The Federal Reserve bill would also have permitted a foreign bank to retain its multi-State banking operations and to continue to expand these operations in each State where it had a presence on December 3, 1974. Our bill also permits the retention of those banking operations which a foreign bank had on December 3, 1974; but limits further expansion after that date to: First, the home State of the foreign bank; or second, a State where the appropriate State authority approves such further expansion.

### FDIC INSURANCE

The Federal Reserve bill requires all foreign banks to become members of the FDIC. Our bill requires that they post a surety deposit or bond with the FDIC in order to protect depositors and creditors.

### FEDERAL RESERVE MEMBERSHIP

The Federal Reserve bill requires that existing and future State bank subsidiaries of foreign banks must become members of the Federal Reserve. Our bill does not require mandatory membership in the Federal Reserve System.

### GLASS-STEAGALL ACTIVITIES

The Federal Reserve bill "grandfathers" all securities activities of foreign bank affiliates in the United States. This bill prohibits them from selling or distributing securities in the United States and only "grandfathers" their authority to underwrite securities in the United States.

A copy of the International Banking Act of 1976 follows:

H.R. —

A bill to provide for Federal regulation of participation by foreign banks in domestic financial markets

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

### TITLE I—INTERNATIONAL BANKING

#### SHORT TITLE AND DEFINITIONS

SEC. 101. (a) This title may be cited as the "International Banking Act of 1976".

(b) For the purposes of this Act—

(1) "agency" means any office or any place of business of a foreign bank located in any State of the United States at which credit balances are maintained incidental to or arising out of the exercise of commercial banking powers and checks are paid or money is lent but at which deposits may not by law be accepted from citizens or residents of the United States.

(2) "Board" means the Board of Governors of the Federal Reserve System.

(3) "branch" means any office or any place of business of a foreign bank located in any State of the United States at which deposits are received and checks are paid or money is lent.

(4) "Comptroller" means the Comptroller of the Currency.

(5) "Federal branch" means a branch of a foreign bank established and operating under section 104 of this Act.

(6) "foreign bank" means any institution that (1) is organized under the laws of a foreign country, a territory of the United States, Puerto Rico, Guam, American Samoa, or the Virgin Islands, and (2) either (A) principally conducts its banking business outside the United States or (B) is a subsidiary, as that term is defined in the Bank Holding Company Act of 1956; as amended,

of any institution which, on a consolidated basis, principally conducts its banking business outside the United States. For the purposes of this Act, the term "foreign bank" includes, without limitation, foreign commercial banks, foreign merchant banks and other foreign institutions that engage in banking activities usual in connection with the business of banking in the countries where such foreign institutions are organized or operating.

(7) "foreign country" means any country other than the United States, and includes any colony, dependency, or possession of any such country.

(8) "investment company" means any institution organized under the laws of any State of the United States, or the District of Columbia which maintains credit balances incidental to or arising out of the exercise of commercial banking powers and engages in the business of making commercial loans, but which by law may not accept deposits from citizens or residents of the United States.

(9) "State" means any State of the United States or the District of Columbia.

(10) The terms "bank", "bank holding company", "company", "control", and "subsidiary" as used in this Act shall have the same meanings assigned to those terms in the Bank Holding Company Act of 1956, as amended, and the terms "controlled" and "controlling" as used in this Act shall have the same meaning as "control" as defined in section 2 of the Bank Holding Company Act of 1956, as amended.

ESTABLISHMENT OF NATIONAL BANKS

SEC. 102. (a) Section 5133 of the Revised Statutes (12 U.S.C. 21) is amended—

(1) by striking out the period at the end of the first sentence and adding the following new proviso: ": *Provided, however*, That subject to the provisions of section 5169 of the Revised Statutes, as amended, an association may be formed by a foreign bank, as such term is defined in the International Banking Act of 1976."

(2) by striking out the second and third sentences and inserting in lieu thereof the following: "Such persons or foreign bank shall enter into articles of association, which shall specify in general terms the object for which the association is formed, and may contain any other provisions, not inconsistent with law, that the association may see fit to adopt for the regulation of its business and the conduct of its affairs. The articles shall be signed by such persons or foreign bank, and a copy of them shall be forwarded to the Comptroller of the Currency, to be filed and preserved in his office."

(b) Section 5146 of the Revised Statutes (12 U.S.C. 72) is amended by striking out the period at the end of the first sentence and adding the following new proviso: ": *Provided, however*, That the Comptroller of the Currency may in his discretion permit not more than one-third the total number of directors to serve as such, although such directors are not citizens of the United States."

(c) Section 5169 of the Revised Statutes (12 U.S.C. 27) is amended by striking out the period at the end of the last sentence and adding the following:

"; or whenever, after consultation with the Secretary of State of the United States, the Secretary of the Treasury, and the Board of Governors of the Federal Reserve System, the Comptroller determines that it would adversely affect the domestic or foreign commerce of the United States or would otherwise not be in the interests of the United States to grant such certificate."

EDGE CORPORATIONS

SEC. 103. (a) The second sentence of the fourth paragraph of section 25(a) of the Federal Reserve Act (12 U.S.C. 614) is amended by striking out ", all of whom shall be citizens of the United States" after "to elect or appoint "directors".

(b) The first sentence of subparagraph (a) of the fifth paragraph of section 25(a) of the Federal Reserve Act (12 U.S.C. 615(a)) is amended by inserting "except with the approval of the Board of Governors of the Federal Reserve System," after "but in no event".

(c) The second proviso of the first sentence of the ninth paragraph of section 25(a) of the Federal Reserve Act (12 U.S.C. 618) is amended by inserting ", except with the approval of the Board of Governors of the Federal Reserve System" after "That".

(d) The tenth paragraph of section 25(a) of the Federal Reserve Act (12 U.S.C. 619) is deleted and the following paragraph is inserted in lieu thereof: "Except as otherwise provided in this section, a majority of the shares of the capital stock of any such corporation shall at all times be held and owned by citizens of the United States, by corporations the controlling interest in which is owned by citizens of the United States, chartered under the laws of the United States or of a State of the United States, or by firms or companies, the controlling interest in which is owned by citizens of the United States. Notwithstanding any other provisions of this section, any foreign bank or any bank organized under the laws of the United States, any State of the United States, or the District of Columbia, the controlling interest in which is owned by a foreign bank, group of foreign banks, or institution organized under the laws of a foreign country which owns or controls a foreign bank may, with the prior approval of the Board of Governors of the Federal Reserve System and upon such terms and conditions and subject to such rules and regulations as the Board of Governors of the Federal Reserve System may prescribe, own and hold 50 per cent or more of the shares of the capital stock of any corporation organized under this section, and any such corporation shall be subject to the same provisions of law as any other corporation organized under this section: *Provided, however*, That the Board of Governors of the Federal Reserve System shall not approve any such ownership and holding of the shares of the capital stock of any corporation organized under this section, if, after consultation with the Secretary of State of the United States and the Secretary of the Treasury, the Board of Governors of the Federal Reserve System determines that such ownership and holding would adversely affect the domestic or foreign commerce of the United States or would otherwise not be in the interests of the United States. For the purposes of this paragraph the terms 'controls' and 'controlling interest' shall have the same meaning as 'control' as defined in section 2 of the Bank Holding Company Act of 1956, as amended, and the term 'foreign bank' shall have the meaning assigned to it in the International Banking Act of 1976."

FEDERAL BRANCHES

SEC. 104. (a) Except as provided in section 105, a foreign bank may, with the approval of the Comptroller, establish a Federal branch in any State in which (1) it is not operating a branch pursuant to State law and (2) the establishment of a branch by a foreign bank is not prohibited by State law.

(b) In establishing and operating a Federal branch, a foreign bank shall be subject to such rules, regulations, and orders as the Comptroller considers appropriate to carry out this Act, which shall include provisions for service of process and maintenance of branch accounts separate from those of the parent bank. Operations of a foreign bank at a Federal branch shall be conducted with the same rights and privileges as a national bank at the same location and, except as otherwise specifically provided in this title or in rules, regulation, or orders adapted by the Comptroller under this section, shall also be subject to all the same duties, restrictions, penalties, liabilities, conditions and limitations that would apply under the National Bank Act to a national bank doing business at the same location, except that (1) the requirements of section 5240 of the Revised Statutes (12 U.S.C. 481) shall be met with respect to a Federal branch if it is examined at least once in each calendar year; (2) any limitation based on the capital and surplus of a national bank shall be deemed to refer, as applied to a Federal branch, to the capital and surplus of the parent bank, and if the parent bank has more than one Federal branch the accounts of all such branches shall be aggregated in determining compliance with the limitation; (3) a Federal branch shall not be required to become a member bank, as that term is defined in section 1 of the Federal Reserve Act; and (4) a Federal branch shall not be required to become an insured bank as that term is defined in § 3(h) of the Federal Deposit Insurance Act.

(c) Whenever the Comptroller receives an application to establish a Federal branch, he shall send a copy to the Secretary of State, the Secretary of the Treasury, the Board of Governors of the Federal Reserve System, and the bank supervisory authority of the Senate where the branch is to be located. He shall wait thirty days for such officials to submit their views before acting on the application.

(d) In acting on any such application, the Comptroller shall take into account the financial and managerial resources and future prospects of the applicant bank and the branch, and the convenience and needs of the community to be served. He shall not approve an application if the establishment of the branch would adversely affect the domestic or foreign commerce of the United States or would otherwise not be in the interest of the United States, and in making that determination he shall take into account the views of the officials referred to in subsection (c).

(e) Any branch or agency operated by a foreign bank in a State pursuant to State law may be converted into a Federal branch with the approval of the Comptroller. In the event of any conversion pursuant to this subsection, all of the liabilities of such foreign bank previously payable at the State branch or agency shall thereafter be payable by such foreign bank at the branch established under this subsection.

(f)(1) Upon the opening of a Federal branch in any State and thereafter, a foreign bank, in addition to any deposit requirements imposed under section 106(a) of the International Banking Act of 1976, shall keep on deposit, in accordance with such rules and regulations as the Comptroller may prescribe, with a member bank designated by such foreign bank, dollar deposits or investment securities of the type that may be held by national banks for their own accounts pursuant to paragraph "Seventh" of section 5136 of the Revised Statutes, as amended, in an amount as hereinafter set forth. Such depository bank shall be located in the State where such branch is located and shall be approved by the Comptroller if it is a national bank and by the Board of Governors of the Federal Reserve System if it is a State bank.

(2) The aggregate amount of deposited investment securities (calculated on the basis of principal amount or market value, whichever is lower) and dollar deposits for each branch established and operating under this section shall not be less than the greater of (1) that amount of capital (but not surplus) which would be required of a national bank being organized at this location, or (2) 5 per cent of the total liabilities of such branch, including acceptances, but excluding (A) accrued expenses, and (B) amounts due and other liabilities to offices, branches, agencies and subsidiaries of such foreign bank; *Provided, however*, That the Comptroller may from time to time require that the assets deposited pursuant to this subsection

may be maintained in such amount as he may deem necessary or desirable, for the maintenance of a sound financial condition, the protection of depositors and the public interest, but such additional amount shall in no event be greater than would be required to conform to generally accepted banking practices as manifested by banks in the area in which the branch is located.

(3) The deposit shall be maintained with any such member bank pursuant to a deposit agreement in such form and containing such limitations and conditions as the Comptroller may prescribe. So long as it continues business in the ordinary course such foreign bank shall, however, be permitted to collect interest on the securities so deposited and from time to time examine and exchange such securities.

(g) Authority to operate a Federal branch shall terminate when the parent bank voluntarily relinquishes it, or when the parent bank is dissolved or its authority to do business is otherwise terminated in the country of its organization. If the Comptroller has reasonable cause to believe that a foreign bank has failed to comply with this section he may, after notice and opportunity for hearing, revoke the bank's authority to operate a Federal branch. Authority so revoked may be restored upon proof of compliance with this section.

(h) Whenever the Comptroller revokes a foreign bank's authority to operate a Federal branch, or finds that a judgment against a foreign bank with a Federal branch has been rendered by a court of record and has remained unpaid for thirty days or more, or finds that a conservator has been appointed for such foreign bank or a similar proceeding is initiated in the foreign bank's country of organization, or determines that a foreign bank with a Federal branch is insolvent, he may appoint a receiver, who shall exercise the same powers with respect to the assets of the foreign bank as may be exercised by a receiver of a national bank.

BRANCHING ACROSS STATE LINES

SEC. 105. (a) Except as provided by subsection (b), no foreign bank may operate a branch or agency in a State outside its home State unless the branch or agency is (1) approved by the bank regulatory authority of the home State and the State in which it desires to operate such branch or agency, and (2) all branches of the foreign bank in all States are Federal branches.

(b) A foreign bank may continue to operate any branch or agency lawfully in operation on the date of enactment of this title for not more than five years after the date of enactment of this title unless (1) the branch or agency was lawfully in operation, or its establishment had been approved by the appropriate State authority, on or before December 3, 1974, and (2) all of the branches operated in any State by the foreign bank pursuant to State law are converted to Federal branches within two years after the date of enactment of this title.

(c) For the purposes of this section, the home State of a foreign bank is the State in which, on the date of enactment of this title, its assets exceeded those in any other State. Any foreign bank that does not maintain a branch or agency or that is not a bank holding company or a subsidiary thereof on the date of enactment of this title shall have its home State deemed to be the State in which it establishes its initial branch, agency, or bank subsidiary (including any bank subsidiary acquired by a company of which it is a subsidiary) in the United States.

ACCEPTANCE OF DEPOSITS

SEC. 106. (a) No branch may accept deposits of United States citizens, residents or businesses whose principal place of business is in the United States unless the branch maintains with the Federal Deposit Insurance Corporation a surety deposit or bond, under such rules as the Federal Deposit Insurance Corporation may prescribe, in an amount which the appropriate Federal banking agency prescribes as necessary in order to protect preferred depositors and creditors of the branch. For purposes of this subsection, the term "preferred depositors and creditors" shall mean and include (1) depositors who have made deposits directly in such branch and (2) creditors whose claims arose out of transactions directly with such branch; *Provided, however,* That this term shall not include offices, branches, agencies, subsidiaries and affiliates of such foreign bank.

(b) This section does not apply to any bank organized under the laws of Puerto Rico, nor does it prohibit any branch or agency from maintaining credit balances for the amount of customers incidental to, or arising out of, the exercise of its lawful powers.

(c) With respect to branches in existence on the date of enactment of this title, this section shall take effect January 1, 1977.

(d) For purposes of this section, the term "appropriate Federal banking agency" means the Comptroller of the Currency for Federal branches and the Board of Governors of the Federal Reserve System for branches established and operating pursuant to State law.

AUTHORITY OF FEDERAL RESERVE SYSTEM

SEC. 107. (a) Subsections (a), (b), (c), (d), (f), (g), (i), (j) and the second sentence of subsection (e) of section 19 of the Federal Reserve Act shall apply to every branch and agency of a foreign bank and every investment company controlled by one or more foreign banks or by one or more companies that control a foreign bank in the same manner and to the same extent as if the branch, agency or investment company were a member bank as that term is defined in section 1 of the Federal Reserve Act and, for the purposes of those provisions, the Board is authorized to define any or all of the liabilities of any such branch, agency or investment company as deposits: *Provided, however,* That the Board either by general or specific regulation or ruling may waive the minimum and maximum reserve ratios prescribed under Section 19 of the Federal Reserve Act and may prescribe any other ratio, not more than 22 per centum, for any liability of any such branch, agency, or investment company that the Board may deem reasonable and appropriate to effectuate monetary policy objectives, taking into consideration the character of business conducted by such institutions and the need to maintain vigorous and fair competition between and among such institutions and member banks; *Provided, further,* That the Board may impose reserve requirements on branches, agencies and investment companies in such graduated manner as it deems reasonable and appropriate.

(b) Section 13 of the Federal Reserve Act is amended by adding at the end thereof the following new paragraph:

"Subject to such restrictions, limitations and regulations as may be imposed by the Board of Governors of the Federal Reserve System, each Federal Reserve bank may receive deposits from, discount paper endorsed by, and make advances to any branch or agency of a foreign bank, and any investment company in the same manner and to the same extent that it may exercise such powers with respect to a member bank if such branch, agency or investment company is maintaining reserves with such Reserve Bank pursuant to section 107 of the International Banking Act of 1976: *Provided, however,* That in exercising any such powers with respect to any such branch, agency or investment company each Federal Reserve bank shall give due regard to account balances being maintained by such branch, agency or investment company with such Reserve Bank and the proportion of any such branch, agency or investment company's assets being held as reserves under section 107 of the International Banking Act of 1976. For the purposes of this paragraph, the terms "branch", "agency", "foreign bank" and "investment company" shall have the same meanings assigned to them in section 101 of the International Banking Act of 1976."

(c) Each branch or agency of a foreign bank and each investment company controlled by one or more foreign banks or by one or more foreign companies that control a foreign bank, shall be subject to: (1) paragraphs 7, 8, 20 and the reporting requirements of paragraph 6 of section 9 of the Federal Reserve Act (12 U.S.C. 325, 326, 335 and 324) and (2) subparagraph (a) of section 11 of the Federal Reserve Act (12 U.S.C. 248(a)) to the same extent and in the same manner as if the branch, agency, or investment company were a State member bank.

NONBANKING ACTIVITIES

SEC. 108. (a) Except as otherwise provided in this section, (1) any foreign bank that maintains a branch or agency in a State, (2) any foreign bank or company controlling a foreign bank that controls an investment company organized under State law, and (3) any company of which any foreign bank or company referred to in (1) or (2) is a subsidiary shall be subject to the provisions of the Bank Holding Company Act of 1956, as amended, and to sections 105 and 106 of the Bank Holding Company Act Amendments of 1970 in the same manner and to the same extent that such provisions apply to a bank holding company, except that any such foreign bank or company shall not be deemed a bank holding company for purposes of section 3 of the Bank Holding Company Act of 1956, as amended.

(b) After December 31, 1985, no foreign bank or other company to which subsection (a) applies on the date of enactment of this title may retain direct or indirect ownership or control of any voting shares of any nonbanking company in the United States that it owned, controlled or held with power to vote on the date of enactment of this title or engage in any nonbanking activities in the United States in which it was engaged on such date unless authorized by subsection (c) of this section or by the Board of Governors of the Federal Reserve System under section 4 of the Bank Holding Company Act of 1956, as amended.

(c) A foreign bank or other company to which subsection (a) applies on the date of enactment of this title may continue to engage in nonbanking activities in the United States in which directly or through an affiliate it was lawfully engaged on December 3, 1974 (or on a date subsequent to December 3, 1974 in the case of activities carried on as the result of the direct or indirect acquisition, pursuant to a binding written contract entered into on or before December 3, 1974, of another company engaged in such activities at the time of acquisition) and may retain direct or indirect ownership or control of any voting shares of any nonbanking company that it (1) owned, controlled, or held with power to vote on December 3, 1974 (or on a date subsequent to December 3, 1974, if acquired by a written contract entered into on or before such date) and (2) that does not engage in any activities other than those in which such foreign bank, company or affiliate may engage by virtue of this subsection or section 4 of the Bank Holding Company Act of 1956, as amended; *Provided, however,* That the Board by order, after opportunity for hearing, may terminate the authority conferred by this subsection (c) on any such foreign bank or company to engage directly or through an affiliate in any activity otherwise permitted by this subsection (c) if it determines, having due regard to the purposes of this title and the Bank Holding Company Act of 1956, as amended, that such action is necessary to prevent undue concentration

of resources, decreased or unfair competition, conflicts of interest, or unsound banking practices in the United States; and in the case of any such foreign bank or company that engages directly or indirectly through an affiliate in the business of underwriting, distributing or selling stocks, bonds and other securities in the United States, may continue to underwrite securities in the United States, but it may not sell or distribute securities in the United States except to the extent permissible for national banks under paragraph Seventh of section 5136 of the Revised Statutes of the United States (12 U.S.C. 24). Nothing in this subsection (c) shall be construed to authorize any foreign bank or company referred to in this subsection (c), or any affiliate thereof, to engage in activities authorized by this subsection (c) through the acquisition, pursuant to a contract entered into after December 3, 1974, of any interest in or the assets of a going concern engaged in such activities. Any foreign bank or company that is authorized to engage in any activity pursuant to this subsection (c) but, as a result of action of the Board, is required to terminate such activity may retain the ownership or control of shares in any company carrying on such activity for a period of two years from the date on which its authority was so terminated by the Board. As used in this subsection, the term "Affiliate" shall mean any company more than 5 per centum of whose voting shares is directly or indirectly owned or controlled or held with power to vote by the specified foreign bank or company.

(d) Nothing in this section shall be construed to define a branch or agency of a foreign bank or an investment company controlled by a foreign bank or company that controls a foreign bank as a "bank" for the purposes of any provisions of the Bank Holding Company Act of 1956, as amended, or section 105 of the Bank Holding Company Act Amendments of 1970, except that any such branch, agency or investment company subsidiary shall be deemed a "bank" or "banking subsidiary", as the case may be, for the purposes of applying the prohibitions of section 106 of the Bank Holding Company Act Amendments of 1970 and the exemptions provided in sections 4(c)(1), 4(c)(2), 4(c)(3) and 4(c)(4) of the Bank Holding Company Act of 1956, as amended, (12 U.S.C. 1843(c)(1), (2), (3), and (4)) to any foreign bank or other company to which subsection (a) applies.

GUIDELINES FOR ENTRY

SEC. 109. (a) The Secretary of the Treasury shall issue guidelines with respect to the entry of foreign banks, companies and individuals into banking in the United States, in order to assist Federal and State banking agencies in acting on applications by such foreign banks, companies and individuals to establish branches or agencies of foreign banks in any State or to acquire interests in banks, corporations organized under section 25(a) of the Federal Reserve Act, or investment companies organized under State law.

(b) In issuing guidelines under this section, the Secretary of the Treasury shall endeavor to foster participation by foreign interests in international financial markets in the United States to the maximum extent consistent with maintenance of fair and vigorous competition in such markets, and with international economic policies of the United States, including policies relating to the balance of trade, the balance of payments, the international payments mechanism, and the negotiation and implementation of reciprocal arrangements with other countries to strengthen international trade.

(c) Whenever a State bank supervisory authority receives an application to establish a branch or agency of a foreign bank or to organize an investment company that will be controlled by a foreign company or group of foreign companies, he shall transmit a copy of such application to the Secretary of the Treasury, the Secretary of State, and the Board of Governors of the Federal Reserve System, and shall allow a thirty-day period within which their views and recommendations may be submitted.

(d) Whenever the Board of Governors of the Federal Reserve System receives an application from a foreign company or group of foreign companies for approval under section 3 of the Bank Holding Company Act of 1956, as amended (12 U.S.C. 1841 et seq.) and whenever the responsible Federal banking agency under the Bank Merger Act (12 U.S.C. 1828(c)) receives an application under that Act involving a bank that is controlled by a foreign company or group of foreign companies, it shall transmit a copy of such application to the Secretary of the Treasury and the Secretary of State and allow a thirty-day period within which their views and recommendations may be submitted.

(e) Notwithstanding any other provision of law, no application shall be approved by any Federal banking agency under sections 102, 103, 104 or 201 of this Act, and no application referred to in subsections (b) and (c) of this section shall be approved by any State bank supervisory authority or any Federal banking agency, as the case may be, if the Secretary of the Treasury recommends in writing within any applicable time period specified that approval would be contrary to the guidelines established under this section.

REPRESENTATIVE OFFICES

SEC. 110. (a) Any foreign bank that maintains an office other than a branch or agency in any State shall register with the Secretary of the Treasury in accordance with rules prescribed by him, within one hundred and eighty days after the date of enactment of this title or the date on which the office is established, whichever is later.

(b) This title does not authorize the establishment of any such office in any State in contravention of State law.

CEASE-AND-DESIST ORDERS

SEC. 111. Subsection (b) of section 8 of the Federal Deposit Insurance Act (12 U.S.C. 1818(b)) is amended by adding at the end thereof the following new paragraphs:

"(4) This subsection and subsections (c), (d), (h), (i), (k), (l), (m), and (n) of this section shall apply to any branch or agency of a foreign bank, as those terms are defined in the International Banking Act of 1976, in the same manner as they apply to an insured bank, and for that purpose the appropriate Federal banking agency shall be the Comptroller of the Currency with respect to a Federal branch of a foreign bank and the Board of Governors of the Federal Reserve System with respect to a branch or agency operating pursuant to State law.".

"(5) This subsection and subsections (c), (d), (h), (i), (k), (l), (m) and (n) of this section shall apply to any foreign bank or company to which subsection (a) of section 108 of the International Banking Act of 1976 applies and to any subsidiary (other than a bank) of any such foreign bank or company in the same manner as they apply to a bank holding company and any subsidiary thereof (other than a bank) under subparagraph (3) of this subsection. For the purposes of this subparagraph, the term 'subsidiary' shall have the meaning assigned to it in section 2 of the Bank Holding Company Act of 1956, as amended."

REGULATION AND ENFORCEMENT

SEC. 112. (a) The Comptroller, the Board and the Secretary of the Treasury are authorized and empowered to issue such rules, regulations, and orders as each of them may deem necessary in order to perfrom their respective duties and functions under this title and to administer and carry out the provisions and purposes of this title and prevent evasions thereof.

(b) Compliance with the requirements imposed under this title shall be enforced under section 8 of the Federal Deposit Insurance Act, in the case of:

(1) national banks and Federal branches by the Comptroller.

(2) member banks of the Federal Reserve System (other than national banks), branches and agencies established and operating pursuant to State law, bank holding companies and subsidiaries thereof (other than banks), and foreign banks and companies referred to in subsection (a) of section 108 of this title, and subsidiaries thereof (other than banks), by the Board.

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## ELIMINATING ARAMCO TAX WINDFALL

(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, I am today introducing legislation, previously introduced by my colleague, Congressman FRASER, to repeal a provision of the Tax Reduction Act of 1975 which has had the effect of giving four American oil companies a $35 million tax break.

The most interesting thing about this provision of the bill is not what it says, but how it got there in the first place. Congressman CHARLES VANIK, who first discovered this mysterious ripoff, commented on it at length in his floor remarks on December 2, 1975. He explained that the basic language for this section came from H.R. 17488 and H.R. 14462, tax bills which failed to be taken up in late 1974, but that the particular phrases which made clear that dividends from ARAMCO to its parent companies, Mobil, Standard of California, Exxon, and Texaco, will be counted as foreign source income—thus permitting the foreign tax credit to offset U.S. tax which might be levied against the dividends—were not in the earlier bills and apparently appeared from nowhere. Neither conferees nor committee staff were able to recall where the language came from or even any discussion of the provision in the conference.

Obviously, incidents like this make a strong case for open and recorded conferences, a change in House rules I certainly support. Beyond that, however, it is clear that remedial action must be taken to close this new tax loophole. This bill would eliminate the language in question and end the tax break, and I urge prompt action on it by the Ways and Means Committee.

The text of the bill follows:

H.R. 13181

A bill to amend the Internal Revenue Code of 1954 with respect to the treatment of certain domestic corporation dividends as foreign oil-related income

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That (a) section 907(c) of the Internal Revenue Code of 1954 (relating to foreign income definitions and special rules) is amended—

(1) by striking out subparagraph (B) of paragraph (3), and by redesignating subparagraphs (C) and (D) thereof as (B) and (C), respectively, and

(2) by striking out "and dividends described in subparagraph (B)" in the text of paragraph (3) following subparagraph (D).

(b) The amendments made by subsection

(a) apply to taxable years ending after December 31, 1976.

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## THE SALES REPRESENTATIVES PROTECTION ACT

(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 introducing along with my colleague JOHN MCCOLLISTER, a revised version of the Sales Representatives Protection Act. This is legislation which if enacted will go a long way in protecting commissioned salesmen with regard to the unequal financial position they occupy in the relationship with their principals.

Sales representatives are the lifeline of this Nation's commercial activity. They are the essential link between thousands of manufacturers and the multitudes of wholesalers and retailers. However, the sales representative is often the victim of manufacturers who do not hesitate to exploit the salesman's inferior economic position. Unfortunate as it is, there are some manufacturers who take advantage of the successful salesman and prevent him from realizing the reward he has earned and deserves, after diligently building up an account for his principal. It is a devastating situation for a sales representative who has invested much time and personal money in an account—all to the financial benefit of his principal—then to have his sales territory cut, or his commission slashed, or even have his entire account, coopted by the manufacturer and turned into a house account. The salesman is now totally helpless in protecting himself against these infringements upon his financial interests.

The Sales Representatives Protection Act provides for a system of posttermination compensation in the event that a salesman is unjustly terminated. The purpose of this bill is simply to insure that a salesman is indemnified by his principal in the event he is unfairly terminated or his financial position otherwise abused, as well as to stipulate minimal conditions to be met in any contract between a sales representative and his principal.

The time for legislation of this kind is long past due. The Nation's sales representatives are all too vulnerable—they are in limbo between the powerful positions of organized labor and management. The salesman is not eligible for union membership; he has not gained either workmen's compensation or even unemployment insurance. It is imperative that Congress adopt this measure to insure that any sales representative who is properly performing his sales duties to the financial benefit of his principal will not be left out in the cold.

This bill is a successor to the bill H.R. 7455, the Sales Representatives' Agency law, which I introduced on the recommendation of the National Council of Salesmen's Organizations last May, and to the bill H.R. 11, introduced last session by Congressman MCCOLLISTER. I applaud the leading role my colleague from Nebraska has taken in striving for this legislation to protect the Nation's salesmen. This newly revised measure combines and builds upon the old H.R. 11 and H.R. 7455.

In addition to the National Council of Salesmen's Organizations, I am also very grateful for the dedicated efforts in strengthening this legislation by the National Association of Women's & Children's Apparel Salesmen, and the Electronic Representatives Association.

The text of the bill follows:

H.R. 13180

A bill to provide for payments to certain sales representatives terminated from their accounts without justification, to provide for the scope of contracts between sales representatives and their principals, and for other purposes

*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 "Sales Representatives Protection Act".

FINDINGS AND PURPOSE

SEC. 2. (a) The Congress makes the following findings:

(1) Many individuals who work as sales representatives for business firms are independent contractors who are compensated primarily by commission.

(2) Such sales representatives generate sales without which the economy of the United States would not produce needed goods and services.

(3) Such sales representatives operate most effectively and productively when assured that they will be compensated for their efforts in accordance with the terms of their contracts with their principals.

(4) Such sales representatives do not generally have the benefits of workmen's compensation, unemployment compensation, or company-sponsored retirement or pension plans and are not eligible to bargain collectively.

(5) Such sales representatives invest their own time and resources in the development of their territories and markets.

(6) Many sales representatives are subjected to wrongful termination from their accounts, reduction in the size of their sales territories, conversion of their accounts to house accounts serviced directly by their principals, and other abuses which deny such sales representatives the full benefits of their labor.

(7) It is in the public interest to provide a means by which sales representatives who are wrongfully terminated may be reasonably compensated for such termination.

(b) The purpose of this Act is to provide a reasonable and equitable system under which sales representatives may be indemnified for commissions denied them because of wrongful terminations.

SEC. 3. For the purposes of this Act:

(1) The term "principal" means any person who—

(A) is engaged in the business of manufacturing, producing, assembling, importing, or distributing merchandise for sale in commerce to a customer who purchases such merchandise for resale or for use in business;

(B) utilizes sales representatives to solicit orders for such merchandise; and

(C) compensates such sales representatives, in whole or in part, by commission.

(2) The term "sales representative" means any person (other than an agent-driver or commission-driver) who is an indepdent contractor engaged in the business of soliciting on behalf of a principal orders for the purchase of such principal's merchandise.

(3) The term "good cause" means conduct on the part of a sales representative with respect to a principal of such sales representatives which constitutes—

(A) dishonesty or fraud or other criminal activity;

(B) a material breach of the contract between such sales representative and such principal;

(C) failure to put forth a good faith effort to obtain orders for the merchandise of such principal; or

(D) gross negligence in the performance of the duties of such sales representative.

(4) The term "commerce" means trade, traffic, transmission, communication, or transportation—

(A) between a place in a State and any place outside thereof; or

(B) which affects trade, traffic, transmission, communication, or transportation described in subparagraph (A).

(5) The term "State" means a State, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands, and the Canal Zone.

TITLE I—INDEMNIFICATION

INDEMNIFICATION BY PRINCIPAL OF UNJUSTLY TERMINATED SALES REPRESENTATIVE

SEC. 101. (a) (1) Except as provided in paragraph (3), any principal who, without good cause, terminates any sales representative from an assignment to solicit orders on behalf of such principal from an account of such sales representative described in paragraph (2) shall indemnify such sales representative in accordance with section 102(a).

(2) An account referred to in paragraph (1) is a customer of a principal—

(A) which purchases merchandise of such principal through a sales representative of such principal for resale or for use in business;

(B) the business of which with such principal—

(i) was initially solicited by such sales representative; or

(ii) was not less than 50 per centum greater in dollar volume in any 12-month period during which such sales representative was a party to a contract or contracts with such principal under which such sales representative solicited orders from such customer than in the 12-month period ending with the month preceding the month in which such a contract was first entered into; and

(C) to which such sales representative was assigned to solicit orders on behalf of such principal for a period of not less than 18 months immediately preceding the termination by such principal referred to in paragraph (1).

(3) This subsection shall not apply to any principal who, for a period of two years after a termination referred to in paragraph (1), neither solicits, directly or through sales representatives, nor accepts orders from the account involved in such termination.

(b) (1) Any principal who, without good cause and for the primary purpose of preventing a sales representative from becoming entitled to an indemnification under subsection (a) (1), terminates such sales representative from an assignment to solicit orders on behalf of such principal from an account of such sales representative described in paragraph (2) shall be liable to such sales representative in the amount described in section 102(a) (2) (A).

(2) An account referred to in paragraph (1) is a customer of a principal—

(A) which purchases merchandise of such principal through a sales representative of such principal for resale or for use in business; and

(B) to which such sales representative was assigned to solicit orders on behalf of such principal for a period of not less than 12 months immediately preceding the termination by such principal referred to in paragraph (1).

(c) (1) (A) Any principal who reduces the size of the geographic territory, if any, which such principal has assigned to a sales

representative with respect to an account of such sales representative described in paragraph (4) shall, if such reduction results in a reduction of not less than 25 per centum in the dollar amount of commissions paid by such principal to such sales representative for orders accepted from such account in the 12-month period immediately following such reduction in geographic territory compared with the dollar amount of commissions paid by such principal to such sales representative for orders accepted from such account in the immediately preceding 12-month period, indemnify such sales representative in accordance with paragraph (3).

(B) In any determination under subparagraph (A), any reduction in the dollar amount of commissions paid by such principal to such sales representative because such principal failed to fill orders submitted by such account due to an Act of God, an act of war or insurrection, a strike, or an act of an agency of government shall be disregarded.

(2) Any principal who reduces the rate of commission paid to a sales representative of such principal for orders accepted by such principal from an account of such sales representative described in paragraph (4) shall, if the total effect of such reduction in any 12-month period is a reduction in rate of commission of not less than 25 per centum, indemnify such sales representative in accordance with paragraph (3).

(3) Upon a reduction in amount of commissions described in paragraph (1) or a reduction in rate of commission described in paragraph (2), the principal causing such reduction shall—

(A) if the sales representative involved elects to terminate his relationship with such principal with respect to the account involved, indemnify such sales representative for such reduction in accordance with section 102(a); or

(B) indemnify such sales representative for such reduction in accordance with section 102(b).

(4) An account referred to in paragraphs (1) and (2) is an account described in subsection (a)(2), except that the reference in subparagraph (C) of such subsection to a termination by a principal is, for the purposes of this paragraph, a reference to a reduction by such principal described in paragraph (1) or (2).

COMPUTATION OF INDEMNITY

SEC. 102. (a)(1) Subject to paragraph (2), any principal required under section 101(a) or 101(c)(3)(A) to indemnify a sales representative shall be liable to such sales representative in an amount computed by multiplying—

(A) the amount which is the greater of—

(i) one-twelfth the sum of the commissions paid or to be paid such sales representative for orders accepted by such principal from the account from which such sales representative has been terminated in the 12-month period preceding the date of such termination; or

(ii) the sum of the commissions paid or to be paid such sales representative for orders accepted by such principal from such account in the shorter of—

(I) the 36-month period preceding the date of such termination; or

(II) the period in which such sales representative was a party to a contract or contracts with such principal under which such sales representative solicited orders from such account;

divided by the number of months in such period;

(B) the number of months in which such sales representative was a party to a contract or contracts with such principal under which such sales representative solicited orders from such account; and

(C) 10 per centum.

(2)(A) In no event shall the amount of any liability of a principal to a sales representative computed under paragraph (1) exceed the greater of—

(i) the sum of the commissions paid or to be paid such sales representative for orders accepted by such principal from the account from which such sales representative has been terminated in the 12-month period preceding the date of such termination; or

(ii) the sum of the commissions paid or to be paid such sales representative for orders accepted by such principal from such account in the shorter of—

(I) the 3-year period preceding the date of such termination; or

(II) the period in which such sales representative was a party to a contract or contracts with such principal under which such sales representative solicited orders from such account;

divided by the number of years (stated to the nearest twelfth part of a year) in such period.

(B) The amount of any liability of a principal to a sales representative computed under paragraph (1) with respect to an account of such sales representative shall be reduced by the amount of any indemnification computed under subsection (b) which was paid by such principal to such sales representative with respect to such account.

(3) For the purpose of computing the amount of any liability under paragraph (1), any sales representative whose amount of commissions have been reduced as described in section 101(c)(1) or whose rate of commission has been reduced as described in section 101(c)(2) may treat the date of such reduction as the date of termination referred to in such paragraph.

(b) Upon election by a sales representative under section 101(c)(3) not to terminate his relationship with a principal with respect to an account after such principal has cause a reduction in amount of commissions described in section 101(c)(1) or rate of commission described in section 101(c)(2), such principal shall be liable to such sales representative in an amount computed by determining the amount to which such sales representative would be entitled under subsection (a) if such reduction were a termination under section 101(a) and multiplying such amount by the percentage of such reduction.

PAYMENT OF INDEMNITY RESULTING FROM SETTLEMENT

SEC. 103. (a) Following the making of a binding agreement to settle a claim by a sales representative against a principal for an indemnity under this title, the principal involved shall pay the amount of such settlement to such sales representative—

(1) not later than 30 days after the date of such agreement; or

(2) if the amount of such settlement is greater than $3,000, in the manner described in subsection (b);

whichever such principal elects.

(b) A principal electing under subsection (a) to pay the amount of a settlement in excess of $3,000 under this subsection—

(1) shall pay not less than 40 per centum of such amount to the sales representative referred to in subsection (a) not later than 30 days after the date of the agreement to make such settlement; and

(2) shall, at the time of the payment referred to in paragraph (1), give such sales representative 2 negotiable notes, each for one-half of the balance of such amount, one of which shall be due not later than 12 months after the date of such agreement and shall bear interest at twice the highest rate of interest paid by the United States on notes issued by it during any 3-day period including such date to be due in 12 months and the other of which shall be due not later than 24 months after the date of such agreement and shall bear interest at twice the highest rate of interest paid by the United States on notes issued by it during any 3-day period including such date to be due in 24 months.

TITLE II—CONTRACTS BETWEEN SALES REPRESENTATIVES AND PRINCIPALS

CONTRACT TERMS

SEC. 201. Any contract between a sales representative and a principal under which such sales representative shall solicit orders for the merchandise of such principal shall include a provision with respect to each of the following items:

(1) The rate of commission to be paid by such principal to such sales representative for orders accepted by such principal from an account of such sales representative, and a statement of any other form of compensation to be paid by such principal to such sales representative.

(2) The amount and method of payment of any advance on the future compensation of such sales representative to be given by such principal to such sales representative, and the terms under which such principal will recover such advance.

(3) The amount of notice, if any, such principal shall give such sales representative before terminating such sales representative from an account, and the manner in which any such notice shall be given.

(4) A description of the sales territory, if any, assigned to such sales representative and a statement of whether such territory will be an exclusive territory of such sales representative with respect to the merchandise, or a line of merchandise, of such principal.

(5) The terms, if any, under which disputes between such principal and such sales representative shall be submitted to arbitration, including, if such disputes shall be submitted to arbitration, the method to be used in selecting the arbitrator.

(6) The ownership of any samples furnished by such principal to such sales representative for use in business.

(7) The number of days after an order for the merchandise of such principal is transmitted by such sales representative to such principal within which such principal must notify such sales representative whether such order has been accepted or rejected.

(8) The terms, if any, under which such sales representative will be paid a commission for an order which was transmitted by such sales representative to such principal before the termination of such sales representative from the account from which such order was transmitted, but which was accepted by such principal after such termination.

(9) The terms, if any, under which such sales representative will receive copies of shipping documents which relate to merchandise shipped by such principal to an account of such sales representative.

(10) The terms, if any, under which such sales representative will be allowed to solicit orders for the merchandise of other principals.

DUTIES OF PRINCIPAL

SEC. 202. Any principal who enters into a contract with a sales representative under which such sales representative shall solicit

orders for the merchandise of such principal shall—

(1) inform such sales representative, within a reasonable time to be specified in such contract, of such principal's receipt of each order from an account of such sales representative;

(2) furnish such sales representative, within a reasonable time to be specified in such contract, copies of all invoices and credit memorandums issued with respect to sales in the assigned geographic territory, if any, of such sales representative;

(3) furnish such sales representative monthly statements of commissions due such sales representative; and

(4) provide such sales representative, upon the request of such sales representative—

(A) an accounting showing each sale made by such principal in the preceding 12 months in the assigned geographic territory, if any, of such sales representative;

(B) information with respect to any matter which is related to any claim by such sales representative against such principal for a commission; and

(C) access to the records of such principal for the purpose of verifying information supplied under subparagraphs (A) and (B).

TITLE III—MISCELLANEOUS

PROCEDURE

SEC. 301. (a) An action to enforce any rights of liabilities created by this Act may be brought in a district court of the United States without regard to the amount in controversy or in any other court of competent jurisdiction.

(b) In the case of an action arising under this Act which is brought in a district court of the United States, such action may be brought in the judicial district where all the plaintiffs reside in addition to any other judicial district provided by law.

(c) No action may be brought under this Act later than 5 years after the right to such action first arises.

(d) In any action brought by any sales representative against any principal under this Act, the burden of proof on the issue of whether such principal acted without good cause shall rest on such principal.

(e) In any successful action brought by a sales representative under this Act, the court may award reasonable attorneys' fees and the cost of the action to such sales representative.

WAIVER PROHIBITED

SEC. 302. Any provision in any contract between any sales representative and any principal requiring such sales representative to waive any of the provisions of this Act shall be void.

EFFECT ON STATE LAW

SEC. 303. Nothing in this Act shall invalidate or restrict any right or remedy of any sales representative under the law of any State.

EFFECTIVE DATE

SEC. 304. Sections 101, 201, and 202 of this Act shall take effect at the end of the 90-day period beginning with the date of enactment of this Act.

## THE WYE OAK PLANTED ON GROUNDS OF U.S. CAPITOL

(Mr. GUDE asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. GUDE. Mr. Speaker, the Wye oak is believed to be the largest white oak in the United States and is the official Maryland State tree. And now, one of its "children" has come to Capitol Hill.

On Monday, April 4, a sapling from the great tree was presented to the Capitol and was planted along one of the roadways on the Senate side of the grounds. I was delighted to see this happen as a part of our Nation's Bicentennial and also as a celebration of the 70th anniversary of the founding of the Maryland Forest Service.

Senator J. GLENN BEALL, JR., of Maryland, made these very appropriate remarks on this occasion:

It is a great honor for me to present, on behalf of all of the citizens of the State of Maryland, this sapling of the Wye Oak for planting on the grounds of the United States Capitol. The great symbolism surrounding this ceremony cannot be overlooked or overstated.

The Wye Oak, which is believed to be the largest white oak in the United States, became the official Maryland State Tree on June 1, 1941, by an act of the general assembly.

The tree, which is estimated to be over 435 years old, is located in Talbot County on Maryland's Eastern Shore. The Wye Oak, which has endured longer than any other living thing in the State, has become a symbol of great importance to Marylanders.

It was almost 100 years old when the first colonist disembarked from the Ark and the Dove to found Maryland in 1634:

It was approximately 236 years old when the Declaration of Independence was signed in 1776;

It was approximately 253 years old when President Washington laid the cornerstone for the U.S. Capitol in 1793;

It was approximately 260 years old when Congress and the Supreme Court first occupied the Capitol in 1800;

It was approximately 274 years old when a British fleet bombarded Fort McHenry—during the War of 1812—and inspired Francis Scott Key to write the words of our national anthem;

It was approximately 321 years old when President Lincoln was first inaugurated—just a short distance from this spot—on the eve of our tragic Civil War;

It was approximately 322 years old when Union and Confederate forces clashed in the bloody and significant Battle of Antietam, near Sharpsburg in Western Maryland; and

It was approximately 401 years old when America became involved in the Second World War.

Its age and its massive size (circumference of the trunk over 32 feet, height-108 feet, crown spread—160 feet) give it the characteristics of strength, endurance, and permanence which are most comforting to a people whose fast-paced lives are dominated by the concepts of newness and change.

1976 marks the Bicentennial of our Nation's independence. This celebration gives each of us an opportunity to rededicate ourselves to the American spirit. After a period of great difficulty for our people and our Nation—politically, economically, militarily—we need to rekindle our national self-confidence so that we can once again look to the future with optimism and pride.

The Bicentennial Celebration will have served us well if it helps to renew the American spirit and, in doing so, unleashes our Nation's creativity which will enable us to find new solutions to the problems that confront us.

I would be remiss if I did not note that 1976 also marks the 70th anniversary of the founding of the Maryland Forest Service. This fine State agency has managed Maryland's woodland resources in such a way as to promote conservation, economic, recreational, and environmental considerations. During its seven decades, the Maryland Forest Service has had four talented and dedicated State Foresters, including Adna R. (Pete) Bond who is with us today.

All Marylanders are thankful for the foresightedness of the Maryland General Assembly which established the State Forest Service in 1906, and for the enlightened leadership our State Foresters have provided over the last 70 years.

April 7, 1976 marks Maryland's observance of Arbor Day, a time set aside each year for the planting of trees. It is indeed a pleasure for me to participate in this Arbor Day celebration, which falls during our Nation's Bicentennial year, by presenting this sapling of the Wye Oak for planting on the Capitol grounds.

In closing, let me note that today's ceremony has great symbolism because so many divergent elements come together in natural harmony. (1) the Wye Oak, symbol of Maryland—its history—its traditions—its contributions to America; (2) the Capitol, symbol of our Federal Government and guardian of our liberties; (3) the Bicentennial Celebration of the American Revolution gives each of us an opportunity to restudy, reflect, and rededicate ourselves to the principles set forth by our forefathers 200 years ago; (4) and Arbor Day, the time each year when we focus our attention on our abundant woodlands and the need to preserve and renew this valuable resource.

The Wye Oak, Maryland's State Tree, is a towering giant whose lifespan has completely encompassed the entire history of British North America and the United States. The sapling we are planting today embodies, in a way, a form of immortality for this great tree. I hope that our descendants, centuries from now, will find this White Oak alive and well on the ground of the Capitol. The original Wye Oak has seen the settlement of 13 British colonies along the eastern coast of North America; the American Revolution; and the emergence of a small, weak, loosely united nation; and its subsequent emergence as a continent-spanning superpower. It has also overseen the constant struggle, by our people, to "establish a more perfect union"—based on liberty, equality, freedom, and justice. Likewise, no building more symbolizes the virtues of our Representative Republic than does the United States Capitol and I would hope that future generations of Americans will continue to enjoy the blessings of liberty, democracy, and justice, which the Capitol so proudly represents. Our zeal for liberty must never flag, a point which was stated most clearly by H. L. Mencken when he said, "We must be willing to pay a price for freedom, for no price that is ever asked for it is half the cost of doing without it."

## LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. YOUNG of Alaska (at the request of Mr. RHODES), for today through April 14, 1976, on account of official business.

Mr. MCHUGH (at the request of Mr. O'NEILL), for today, on account of illness.

Mr. LEHMAN (at the request of Mr. O'NEILL), for today, on account of illness in the family.

Mr. JONES of Tennessee (at the request of Mr. O'NEILL), for today and tomorrow, on account of official business.

## SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. FISHER) to revise and extend their remarks and include extraneous matter:)

Mr. ANNUNZIO, for 5 minutes, today.

Mr. GONZALEZ, for 5 minutes, today.

Mr. JONES of Oklahoma, for 5 minutes, today.

Mr. REUSS, for 5 minutes, today.

Mr. ALEXANDER, for 10 minutes, today.

## EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. MOSS to insert statement immediately after rollcall No. 181 on Thursday, April 8, 1976.

(The following Members (at the request of Mr. MYERS of Pennsylvania) and to include extraneous matter:)

Mr. MITCHELL of New York.

Mrs. FENWICK.

Mr. RUPPE.

Mr. ABDNOR.

Mr. ROUSSELOT in two instances.

(The following Members (at the request of Mr. FISHER) and to include extraneous material:)

Mr. LONG of Maryland.

Mr. MONTGOMERY.

Mr. GONZALEZ in three instances.

Mr. ANNUNZIO in six instances.

Mr. ANDERSON of California in three instances.

Mr. ROSE in two instances.

Mr. MATSUNAGA.

Mr. MILFORD.

Mr. STOKES.

Mr. RANGEL in 10 instances.

Mr. OBEY in 10 instances.

Mr. BOLLING.

Mr. BREAUX in 10 instances.

Mr. MINETA.

Mr. TEAGUE.

Mr. DELANEY.

Mr. MCDONALD of Georgia in five instances.

Mr. LEGGETT.

Mr. EDGAR.

Mr. BRODHEAD.

## SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 2981. An act to authorize appropriations for the Indian Claims Commission for fiscal year 1977, and for other purposes; to the Committee on Interior and Insular Affairs.

S. 3136. An act to reform the Food Stamp Act of 1964 by improving the provisions relating to eligibility, simplifying administration, and tightening accountability, and for other purposes; to the Committee on Agriculture.

## SENATE ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The SPEAKER announced his signature to enrolled bills and a joint resolution of the Senate of the following titles:

S. 2444. An act to provide for the orderly transition to the new October 1 to September 30 fiscal year.

S. 2445. An act to provide permanent changes in laws necessary because of the October–September fiscal year; and

S.J. Res. 35. A joint resolution to provide for the designation of the week beginning March 13, 1977, as "National Employ the Older Worker Week."

## ENROLLED BILLS AND JOINT RESOLUTION SIGNED

Mr. HAYS of Ohio, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 1465. An act to provide for the division of assets between the Twenty-Nine Palms Band and the Cabazon Band of Mission Indians, California, including certain funds in the U.S. Treasury, and for other purposes;

H.R. 11598. An act to authorize appropriations for the U.S. Information Agency for fiscal year 1976 and for the period July 1, 1976, through September 30, 1976; and

H.J. Res. 491. Joint resolution to extend support under the joint resolution providing for Allen J. Ellender fellowships to disadvantaged secondary school students, and for other purposes.

## ADJOURNMENT

Mr. FISHER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 46 minutes p.m.), under its previous order, the House adjourned until tomorrow, April 13, 1976, at 11 a.m.

## EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3007. A letter from the President of the United States, transmitting budget amendments for fiscal years 1976 and 1977 for the Department of Transportation (Federal-aid highways) (H. Doc. No. 94–450); to the Committee on Appropriations and ordered to be printed.

3008. A letter from the President of the United States, transmitting a request for supplemental appropriations for fiscal year 1976 and an amendment to the request for appropriations for fiscal year 1977 for the Federal Aviation Administration, Department of Transportation (H. Doc. No. 94–451); to the Committee on Appropriations.

3009. A letter from the President of the United States, transmitting amendments to the request for appropriations for fiscal year 1977 for the Department of Labor (H. Doc. No. 94–452); to the Committee on Appropriations and ordered to be printed.

3010. A letter from the Director, Office of Management and Budget, Executive Office of the President, transmitting a cumulative report of rescissions and deferrals of budget authority for fiscal year 1976 as of April 1, 1976, pursuant to section 1014(e) of Public Law 93–344 (H. Doc. No. 94–453); to the Committee on Appropriations and ordered to be printed.

3011. A letter from the Deputy Assistant Secretary of the Interior, transmitting certification that an adequate soil survey and land classification has been made of the lands in those areas to be served by the Second Bacon Siphon and Tunnel, and that the lands to be irrigated are susceptible to the production of agricultural crops by means of irrigation, pursuant to section 1 of Public Law 83–172; to the Committee on Appropriations.

3012. A letter from the Assistant Secretary of Defense (Installations and Logistics), transmitting the second annual report on the Defense Industrial Reserve, pursuant to section 809 of Public Law 93–155; to the Committee on Armed Services.

3013. A letter from the Assistant Secretary of Defense (Manpower and Reserve Affairs), transmitting a report on the adequacy of pays and allowances of the uniformed services, pursuant to 37 U.S.C. 1008(a); to the Committee on Armed Services.

3014. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of Council Act No. 1–98, "To provide for additional time for Council review of the nominees to the District of Columbia Boxing and Wrestling Commission," pursuant to section 602(c) of Public Law 93–198; to the Committee on the District of Columbia.

3015. A letter from the Chairman, District of Columbia Law Revision Commission, transmitting the Commission's annual report, pursuant to section 4(a) of Public Law 93–379; to the Committee on the District of Columbia.

3016. A letter from the Special Assistant to the Chairman, Council of Economic Advisers, transmitting a report on the Council's activities under the Freedom of Information Act during calendar year 1975, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

3017. A letter from the Secretary of the Interior, transmitting the annual report for fiscal year 1975 on the archeological and historic data recovery program, pursuant to section 5(c) of Public Law 93–291; to the Committee on Interior an Insular Affairs.

3018. A letter from the Secretary of the Interior, transmitting a consolidated financial statement for all of the electric power generating projects and the transmission system comprising the Federal Columbia River Power System, pursuant to section 2(a) of Public Law 89–448, as amended (80 Stat. 200, 714); to the Committee on Interior and Insular Affairs.

3019. A letter from the Deputy Assistant Secretary of the Interior, transmitting a report and certification of physical, economic, and financial feasibility on construction of the Uintah unit of the Central Utah project, pursuant to the Colorado River Basin Project Act (Public Law 90–537); to the Committee on Interior and Insular Affairs.

3020. A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting reports concerning visa petitions approved according certain beneficiaries third and sixth preference classification, pursuant to section 204 (d) of the Immigration and Nationality Act, as amended 8 U.S.C. 1154(d); to the Committee on the Judiciary.

3021. A letter from the Under Secretary of Health, Education, and Welfare, transmitting a draft of proposed legislation to amend the Social Security Act to improve and simplify the program of Aid to Families with Dependent Children; to the Committee on Ways and Means.

3022. A letter from the Chairman, Federal Election Commission, transmitting a request for supplemental appropriations for the Commission for fiscal year 1976, pursuant to section 311(d)(1) of the Federal Election Campaign Act, as amended; jointly, to the Committees on House Administration, and Appropriations.

3023. A letter from the Comptroller General of the United States, transmitting a report on the need to control Federal warning system proliferation; jointly, to the Committees on Government Operations, and Armed Services.

3024. A letter from the Comptroller General of the United States, transmitting a report on actions that the Department of Health, Education, and Welfare could take to develop a system for evaluating the well-being of children and the impact of relevant federally supported programs; jointly, to the Committees on Government Operations, Ways and Means, 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. HENDERSON: Committee on Post Office and Civil Service. H.R. 9043. A bill to authorize employees and agencies of the Government of the United States to experiment with flexible and compressed work schedules as alternatives to present work schedules; with amendment (Rept. No. 94–1033). Referred to the Committee of the Whole House on the State of the Union.

Mr. MADDEN: Committee on Rules. House Resolution 1141. Resolution providing for the consideration of the conference report on H.R. 8235. A bill to authorize appropriations for the construction of certain highways in accordance with title 23 of the United States Code, and for other purposes (Rept. No. 94–1034). Referred to the House Calendar.

Mr. SISK: Committee on Rules. House Resolution 1142. Resolution providing for the consideration of H.R. 12704. A bill to authorize appropriations for environmental research, development, and demonstration. (Rept. No. 94–1035). Referred to the House Calendar.

Mr. MATSUNAGA: Committee on Rules. House Resolution 1143. Resolution providing for the consideration of H.R. 12838. A bill to amend and extend the National Foundation on the Arts and Humanities Act of 1965, to provide for the improvement of museum services, to establish a challenge grant program, and for other purposes (Rept. No. 94–1036). Referred to the House Calendar.

Mr. MATSUNAGA: Committee on Rules. House Resolution 1144. Resolution providing for the consideration of H.R. 12987. A bill to authorize appropriations for fiscal year 1976, and for the period beginning July 1, 1976, and ending September 30, 1976, for carrying out title VI of the Comprehensive Employment and Training Act of 1973, and for other purposes (Rept. No. 94–1037). Referred to the House Calendar.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X of clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ALEXANDER (for himself, Mr. MILLS, Mr. LOTT, Mr. MELCHER, and Mr. JENRETTE):

H.R. 13173. A bill to amend the Rural Development Act of 1972; to the Committee on Agriculture.

By Mr. EDGAR:

H.R. 13174. A bill to amend the act of August 12, 1968, to require that additional federally related buildings be made accessible to the physically handicapped and to require that certain Federal officers exercise their authority to prescribe standards for making buildings accessible to the physically handicapped and their authority to insure compliance with such standards; to the Committee on Public Works and Transportation.

By Mrs. FENWICK:

H.R. 13175. A bill to permit the enlistment of Vietnamese and Cambodian refugees into the Armed Forces of the United States under certain circumstances; to the Committee on Armed Services.

H.R. 13176. A bill to authorize the changing of the status of refugees from Indochina from that of a parolee to that of a permanent resident alien; to the Committee on the Judiciary.

By Mr. FLOOD:

H.R. 13177. A bill to amend the Tariff Schedules of the United States to repeal the special tariff treatment accorded to articles assembled abroad with components produced in the United States; to the Committee on Ways and Means.

By Mr. FORD of Michigan (for himself, Mr. BLANCHARD, and Mr. CARR):

H.R. 13178. A bill to amend the Fair Labor Standards Act of 1938, to require prenotification to affected employees and communities of dislocation of business concerns, to provide assistance (including retraining) to employees who suffer employment loss through the dislocation of business concerns, to business concerns threatened with dislocation, and to affected communities, to prevent Federal support for unjustified dislocation, and for other purposes; to the Committee on Education and Labor.

By Mr. HAYS of Ohio:

H.R. 13179. A bill to authorize appropriations for the Department of State, and for other purposes; to the Committee on International Relations.

By Mr. McCOLLISTER (for himself and Mr. OTTINGER):

H.R. 13180. A bill to provide for payments to certain sales representatives terminated from their accounts without justification to provide for the scope of contracts between sales representatives and their principals and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. OTTINGER:

H.R. 13181. A bill to amend the Internal Revenue Code of 1954 with respect to the treatment of certain domestic corporation dividends as foreign oil-related income; to the Committee on Ways and Means.

By Mr. QUILLEN:

H.R. 13182. A bill to amend the Federal Civil Defense Act of 1950 to allow Federal civil defense funds to be used by local civil defense agencies for natural disaster relief, and for other purposes; to the Committee on Armed Services.

By Mr. RICHMOND (for himself, Ms. FENWICK, and Mr. MITCHELL of Maryland):

H.R. 13183. A bill to provide an opportunity to individuals to make financial contributions, in connection with the payment of their Federal income tax, for the advancement of the arts and the humanities; to the Committee on Ways and Means.

By Mr. ROONEY:

H.R. 13184. A bill to increase from 10 to 15 years the period during which veterans and certain wives and widows of veterans are eligible for educational assistance; to the Committee on Veterans' Affairs.

By Mr. ROONEY (for himself and Miss JORDAN):

H.R. 13185. A bill to reaffirm the intent of Congress with respect to the structure of the common carrier telecommunications industry rendering services in interstate and foreign commerce; to grant additional authority to the Federal Communications Commission to authorize mergers of carriers when deemed to be in the public interest; to reaffirm the authority of the States to regulate terminal and station equipment used for telephone exchange service; to require the Federal Communications Commission to make certain findings in connection with Commission actions authorizing specialized carriers; and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. ROSE:

H.R. 13186. A bill to provide for the efficient and regular distribution of current information on Federal domestic assistance programs; to the Committee on Government Operations.

By Mr. STUDDS:

H.R. 13187. A bill to amend the Tariff Schedules of the United States to provide for a lower rate of duty for certain fish netting and fish nets; to the Committee on Ways and Means.

By Mr. THOMPSON:

H.R. 13188. A bill to assist the construction and operation of burn facilities; to the Committee on Interstate and Foreign Commerce.

By Mr. WHITTEN:

H.R. 13189. A bill to amend the Land and Water Conservation Fund Act of 1965, as amended, and to amend the act of October 15, 1966, to establish a program for the preservation of additional historic properties throughout the Nation, as amended, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. WIRTH:

H.R. 13190. A bill to increase from 10 to 15 years the period during which veterans and certain wives and widows of veterans are eligible for educational assistance; to the Committee on Veterans' Affairs.

By Mr. BURKE of Florida:

H. Con. Res. 612. Concurrent resolution disapproving the proposed letter of offer to sell six C–130 aircraft to Egypt (transmittal No. 76–47); to the Committee on International Relations.

By Mr. FLOOD (for himself, Mrs. SULLIVAN, Mr. YATRON, Mr. JONES of North Carolina, Mr. MAZZOLI, Mr. DENT, Mr. CARTER, Mr. NIX, and Mr. LONG of Maryland):

H. Con. Res. 613. Concurrent resolution expressing the sense of Congress that the Bicentennial Theme "Lasting Independence From Empire" be adopted; to the Committee on Post Office and Civil Service.

By Mr. BROWN of Ohio:

H. Res. 1140. Resolution to not object to the proposed exemption of residual oil fuel from the mandatory petroleum allocation and price regulations (energy action No. 1); to the Committee on Interstate and Foreign Commerce.

## MEMORIALS

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

357. By the SPEAKER: Memorial of the Legislature of the State of California, relative to wine labeling; to the Committee on Interstate and Foreign Commerce.

358. Also, memorial of the Legislature of the State of New York, relative to the Northeast Rail Reorganization Act; to the Committee on Interstate and Foreign Commerce.

## PETITIONS, INC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

440. By the SPEAKER: Petition of the town board, Penfield, N.Y., relative to revenue sharing; to the Committee on Government Operations.

441. Also, petition of the Oklahoma Lumbermen's Association, Oklahoma City, Okla., relative to the implementation of the Organic Act of 1897; jointly, to the Committees on Agriculture, and Interior and Insular Affairs.

# EXTENSIONS OF REMARKS

## MATSUNAGA WELCOMES COST-SHARING CHANGE IN THE RSVP PROGRAM TO HELP OLDER VOLUNTEERS AND COMMUNITIES

### HON. SPARK M. MATSUNAGA

OF HAWAII

IN THE HOUSE OF REPRESENTATIVES

*Monday, April 12, 1976*

Mr. MATSUNAGA. Mr. Speaker, during a series of hearings held by the subcommittee of the House Select Committee on Aging, which I have the privilege of chairing, witnesses expressed concern over the problem which localities are having in matching Federal funds in the retired senior volunteer program—RSVP—run by ACTION. This is a program which has brought new meaning to the term "retirement" to thousands of Americans. It has restored among them a feeling of usefulness as contributing members of our society.

As my colleagues know, the purpose of RSVP is to provide volunteer opportunities to older Americans. Grants are awarded by ACTION to local public and private nonprofit sponsors, to help develop meaningful volunteer opportunities. With more than 160,000 volunteers, RSVP is ACTION's largest volunteer program by far.

RSVP is a cost-sharing program, involving the Federal Government and the local sponsor. Under the statute, the local share of the costs must not exceed 10 percent of the total in the first year, 20 percent in the second year, and so on, until in the fifth year, the local share required may be as high as 50 percent.

Unfortunately, until very recently, ACTION chose to maintain the local shares at the maximum permitted by law. The result, as witness after witness told my subcommittee, was hardship on the local sponsor as the program matured. Financing expansion of the program as demand grows is a difficult enough task; to be also forced to replace sharply declining Federal participation has proved an immense hardship on many RSVP projects.

That is why I was so pleased to note, in the Federal Register of March 12, the decision by ACTION to modify its cost-sharing formula, cutting the maximum local share requirement to 30 percent, rather than 50 percent. The new schedule is as follows:

[In percent]

| Year of project: | Federal share | Local share |
|---|---|---|
| 1st | 90 | 10 |
| 2d | 80 | 20 |
| 3d and beyond | 70 | 30 |

The real meaning of this change in policy, Mr. Speaker, is that RSVP projects all over America will find their fund-raising burden somewhat eased, so that more attention can be directed toward the fine work done by the older volunteers in this outstanding program. I commend ACTION for initiating this change, which obviates the need for immediate legislative action. I trust that no change will be made in this new schedule without prior consultation with the Select Committee on Aging and other relevant congressional committees.

## TRIBUTE TO JAMES DOW, 30 YEARS OF SERVICE TO AVIATION

### HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Monday, April 12, 1976*

Mr. ANDERSON of California. Mr. Speaker, at the end of last month, Mr. James Dow retired after 30 years of outstanding service to aviation. During this 30-year period, he has advanced from an air traffic controller trainee to Acting Director of the Federal Aviation Administration encompassing both international and national affairs.

During his years in Government, many awards and honors for distinguished service have been given to him. In 1966 and 1973, he received the FAA's Meritorious Service Award in recognition of his management of the FAA enroute air traffic control automated system. He is the only two-time recipient of this award in the history of the Department. In 1968, the Secretary of Transportation presented him with the DOT Meritorious Achievement Award for his extremely competent leadership, outstanding performance of duties, and effective management while serving as director of budget of FAA.

Mr. Dow has been in the forefront of many innovative efforts to broaden and strengthen the stance of air transportation particularly with respect to flight safety. He has successfully spearheaded Federal aviation efforts to upgrade requisites for aircraft maintenance and pilot training schools; and he has insisted upon a continuing emphasis on programs aimed at increasing the professionalism of pilots on flight safety matters.

But from the standpoint of overall flight safety, nothing has loomed quite as large among Mr. Dow's accomplishments as his leadership in agency activities to automate the air traffic control subsystem of the National Airspace System—NAS. This program dates back to March 1961, when the President asked the FAA Administrator "to conduct a scientific, engineering review of our aviation facilities and related research, and development and to prepare a practicable long route plan to insure efficient and safe control of all air traffic within the United States." From this directive sprang the concept—and the impending reality—of a semiautomated air traffic control system.

Much of the credit for the magnificent air traffic control system we have today—and it is acknowledged to be the world's finest—is due in major measure to the expertise and devotion to duty of Jimmy Dow. He organized and served as the first Director of the National Air Space System Program Office—NASPO—which was responsible for the development and implementation of the semiautomated system now in operation at all air route traffic control centers in the Continental United States. Jimmy held the NASPO post until August 1966, when he was relieved of that assignment to permit him to attend Princeton University for a year's study at Woodrow Wilson School for Public and International Affairs, an assignment to groom him for top agency administrative management.

Mr. Dow is also recognized by industrial and Government officials as having made many contributions in areas such as financial management, congressional relations, and international affairs. But Jimmy Dow is more than an expert. He is an innovator in Federal aviation matters, and he has served his country well.

Mr. Speaker, I have enjoyed working with Mr. Dow; I commend him for his outstanding service, and I wish him well in all of his future endeavors.

## HATCH ACT POLLS

### HON. WILLIAM (BILL) CLAY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

*Monday, April 12, 1976*

Mr. CLAY. Mr. Speaker, certain allegations have come to light with regard to H.R. 8617, a bill to reform the Hatch Act, that do not hold water. I want to clarify this matter since Members of this body will have another opportunity to voice their views on H.R. 8617 when we consider overriding the President's veto.

As Members who are familiar with this legislation know, beyond prohibiting those political activities which might tend to erode the career system based on merit, H.R. 8617 permits those same political activities for Federal employees as are already available to other citizens.

Opponents of H.R. 8617 have enjoyed a field day quoting self-serving surveys which allegedly demonstrate that the vast majority of Federal employees oppose modification of the Hatch Act. These survey results are distortions of the truth. The fact of the matter is that the only objective and scientific study of Federal employees' preferences was conducted by the University of Michigan's Institute for Social Research in 1967.

The Institute found that 38 percent of all Federal employees either did not know what the Hatch Act was or could not describe it. The Institute also found that Federal civilian employees were about evenly divided between preferring greater political freedom and being satisfied with existing law. There were variations according to grade level, length of service, education, and extent of political activism. Two-thirds of all postal employees sought greater political freedom.

I trust this information will be useful to my colleagues in placing all of the talk

about "voter preferences" in its proper perspective. I am hopeful that the House in its wisdom will override the President's veto and restore to our Nation's 2.8 million Federal employees their constitutional rights of free speech and free association.

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NORTH CAROLINA AVIATOR EULOGIZED

## HON. CHARLES ROSE III

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

*Monday, April 12, 1976*

Mr. ROSE. Mr. Speaker, I am honored to insert into the RECORD the following article from the Wilmington Star-News Newspapers.

Warren Pennington was a man who dared to pioneer in the field of aviation and who continued to pass on his knowledge to future aviators.

He was, in a very real way, what America is all about, and at this Bicentennial time, I want to pay tribute to his spirit and his courage.

The article follows:

WARREN PENNINGTON, 1899–1976—LIVING ON THE WING

(By Cammy Bain)

When Warren Pennington was 19, he climbed into a "Jenny" parked in an open field and took off into the wild blue yonder. For the next 44 years, he made his living on the wing.

"In those days, there weren't no airports, no flying lessons," Pennington, 76, remembered. "Flying a plane was like riding a bicycle. You jus' got on an' rode."

For years before he flew his first "Jenny" (a World War I trainer) in 1919, Pennington dreamed of flying his own airplane.

"When I was a boy," he said, "a fella named Beechy came to town for an exhibition. He was jus' flying a crate around. He jus' set there out in the open. I had a bicycle—meant more to me than anything—but I woulda' swapped for his plane in a minute."

At 16 Pennington tried to join the Army Air Corps, the airplane division of the Signal Corps, which became the Air Force in 1947, and went with a friend, Kenyen Woody, to the required physical. However, the age limit was 18.

"Woody was old enough so he got in and I didn't," he said, "so I come home and run away to Virginia." Woody later became a full colonel in the Air Force.

Leaving home marked the end of Pennington's formal education. "Didn't go through high school," he said with a sly smile. "My hair never did do right and my teacher didn't like it. So I jus' quit. I quit before my family found out about it."

When Woody returned to Wilmington after the war, he and Pennington teamed up and went into business "barnstorming." They flew their airplanes into small towns up and down the east coast from Maryland to Florida giving rides and exhibitions.

"Hadn't one per cent of the people in those days been up in a plane," he said: "People would be out waitin' for me to land."

Although the early airplanes were designed to carry a pilot and one passenger, Pennington ripped out the bucket seats and installed a bench seat that could accommodate two passengers. The going rate was $15 a ride, but Pennington explained prices eventually went down.

"The first day (in town)," he said, "only a few'd go up. Once the other folks saw that the ride wouldn't kill 'em that broke the ice and everybody wanted to go." He usually stayed two days and then moved on to another small town.

A popular variation on barnstorming was "flying off the beach" when Pennington took his passengers for a ride over the ocean. "We did it at Wrightsville Beach for a while," he said.

He was flying off the beach at Daytona Beach, Fla., in 1920 when he met his wife Hazel Virginia. After a two-month courtship, they were married.

"We jus' ran away in the airplane and got married. She liked to fly and wanted a free ride," he said. "No one knew a thing about it. I can remember seeing her daddy comin' down the street. I went two blocks outta my way to keep from speakin' to him."

In 1927, he said, the government required all pilots be licensed. He was one of the first licensed pilots in the state and was number 1541 in the country. "I would have gotten my license quicker, but they started giving 'em out at the Canadian border and moved south," he said.

"I knew every pilot on the east coast back then," he said, "that is ones that flew for a liven'." Pennington met many famous aviators, including Charles Lindbergh, Amelia Earhart and Frank Hawk.

He described Earhart, the first woman to fly the Atlantic, as "jus a stringy-headed gal walking around the St. Louis airport." He remembered meeting Lindbergh when he was flying mail from St. Louis to Chicago.

Hawk, according to Pennington, was killed while landing an innovation of the 20's—an airplane-automobile. "You were 'sposed to be able to fly into the airport and then take the wings off the plane and go tour the town," he said.

Pennington himself crashed twice but was never hurt. "The Lord looked out for me," he said. "Back in 1926, the tail fell off my plane and I went down through the woods with it. Had two passengers with me and nobody got a scratch." Later, he was demonstrating a barrel roll and when he pulled back on the control stick, the stick came off in his hand. "I went down and dived through the woods again," he said.

After Bluethenthal Field was opened, Pennington moved in to give flying lessons in 1929. Originally called Coastal Plains Airways with three airplanes, the business grew into Pennington Flying Service in 1937 when his brother James joined the company. After World War II, the number of airplanes had grown to 15, he said.

Pennington said he could not even estimate the number of pilots he trained. "They used to say," he said, "that the sun never set on our pilots."

The only time flying made him nervous, he said, was while training anti-aircraft pilots at Camp Davis (Holly Ridge) in 1941.

"I did it for 15 months but it was the worst flying," he said, "We had to fly at 10,000 feet at night with no lights. I could see other planes comin' but they couldn't see me."

Well-known as a pioneer in the field of aviation, Pennington was honored by the American Legion for his part in training army pilots. In 1955, the private terminal at New Hanover County Airport was dedicated to him.

"I bet I had 500 pounds of newspaper clippings," he said. But the clippings and many mementoes were destroyed when his house on Myrtle Grove Sound burned.

Pennington said he built the large white frame house in 1941 for his wife and son. His son Warren Jr. was studying aeronautical engineering at Harvard when he was sent to Germany with the infantry in World War II. He was killed in action in 1945.

Mrs. Pennington died a year and a half later and Pennington left the house on the sound. "I didnt' have no interest in it," he said. He said the house remained vacant for a while and burned on the very day he sold it.

In 1952, he quit flying. "I got tired," he said. "You do anything for 44 years and you'll get kinda tired of it."

Mr. Pennington died Tuesday morning in Cape Fear Memorial Hospital following an illness of several months. This interview was conducted before he entered the hospital a few weeks ago.

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VETOING THE HATCH ACT

## HON. JAMES ABDNOR

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

*Monday, April 12, 1976*

Mr. ABDNOR. Mr. Speaker, recently this body gave final approval to major changes in the Hatch Act which since 1939 has served as protection of both the Federal employee and the public. It has given the Federal employee job protection in that he is judged on what he does, not who he knows. It has given the public protection in enabling them to deal with the Federal Government with confidence that their communications will not result in adverse treatment based on political influence.

Recently the Rapid City, S. Dak., Daily Journal had a most thoughtful editorial on the results of congressional "reform" of the Hatch Act. I would like to share their comments with my colleagues:

FORD SHOULD VETO HATCH ACT CHANGES

Despite a promised veto, the U.S. House of Representatives this week approved a bill greatly modifying the 37-year-old Hatch Act which bans most political activity on the part of federal employes.

The bill, a compromise of versions approved earlier by both branches of Congress, now goes to the Senate. If it is approved there and weathers a presidential veto it would allow 2.8 million federal workers to run for office and engage in partisan politics.

Proponents of the measure contend the bill would merely give federal workers the same rights enjoyed by all other citizens.

To our way of thinking, however, the Hatch Act is designed as much to protect civil servants from political coercion as it is to restrict their involvement in purely partisan activities.

When the law was enacted, it was in response to a scandal involving the misuse of federal employes for partisan political gain.

Certainly it hasn't eliminated all political influence from the bureaucracy. But it has helped keep the civil service from becoming totally politicized without seriously restricting the freedom of government workers to participate in political affairs.

The Hatch Act does permit government employes to vote, express their opinions, contribute money to campaigns and even run for office as independents. It does draw the line at allowing them to raise money, canvass voters or stump for candidates in a partisan campaign.

Removing those restrictions would augment the power of the rapidly-growing public employe unions and could lead to establishment of a powerful political organization.

When the Hatch Act was enacted in 1939,

there were far fewer federal employes than there are today. If there was a need then to prevent the bureaucracy from being used for partisan purposes, the need is even more urgent today.

The present system under which career government workers are hired on merit and promoted on the basis of performance and capability is much preferred to the old "spoils system" in which the level of political activity was often the criteria for employment or promotion.

The lessons of Watergate shouldn't be forgotten. The Senate should reject changes in the Hatch Act. If it does not, President Ford should make good on his promise to veto the bill.

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## JACK ANDERSON RECOUNTS GAO REPORT ON THE B-1

### HON. ROBERT W. EDGAR

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

*Monday, April 12, 1976*

Mr. EDGAR. Mr. Speaker, last week, a large number of my colleagues supported an amendment to the Defense procurement authorization bill which would have deferred funding for the B-1 bomber program. I felt that it was unfortunate for this effort to find itself short of a majority.

There was a provocative article in last Sunday's Washington Post by Jack Anderson, pointing out some of the drawbacks which make this plane controversial. I urge my colleagues to read it:

POLITICAL TURBULENCE: WILL THE B-1 BE GROUNDED?

(By Jack Anderson)

An Air Force exhibit on the fourth floor of the Pentagon features display cases filled with the models of the planes and missiles that have made up our strategic arsenal. Mixed in with the mock squadrons of warplanes, past and present, is a model of the B-1 bomber, which may never get out of the display case.

The controversial bomber has developed difficulties, which have caused some Pentagon planners to wonder if it will be worth the staggering cost. Its secret flight performance has dismayed some of its most hopeful supporters.

If the B-1 winds up merely as a Pentagon exhibit, it will be an expensive $2.8 billion toy. This is what has already been spent to bring the plane from the drawing boards into the development stage. For all this government green, the Air Force has built and tested only two planes.

A decision must be made before November whether to go ahead with the B-1 program. A full force of 244 B-1s could cost as much as $87.8 million a plane. The Pentagon estimate is that the total will surpass $21.4 billion.

In the past, the Defense Department has often rushed ahead with new weapons before they have been proven. The military brass have clamored for weapons, which have turned out to be impractical or obsolete. Sometimes, the designers simply have been unable to transform the dream into hard metal. Other times, science has put weapons out of service faster than the advocates have been able to adjust their military thinking.

Pentagon officials have a highly developed proclivity for treating their mistakes as secrets. They have hidden under the security label most of the evidence of misspending and mismanagement in the Pentagon. The General Accounting Office sent its auditors, however, into the backrooms of the Pentagon. Last month, they completed a closely guarded, 55-page staff report on the B-1 program. The cover, trimmed in orange, is emblazoned with a big, black "Secret" stamp.

Most of the pages are stamped "Unclassified," but these contain the more trivial findings. Security experts tell us there is no reason to withhold from the public the general facts. We will omit specific performance figures, which are legitimate secrets. But here are the highlights, which the Air Force would rather hush up:

It is essential for any bomber to escape its base quickly after a warning is received of an impending attack. The secret GAO report claims that the B-1 still cannot get away in time. According to the government auditors, no schedule has been established to solve the problem.

The B-1 experimental planes have encountered severe vibrations during tests. Yet neither the cause nor cost of the buffeting have been determined. "In addition," states the report, "it is uncertain whether buffet and vibration at the present levels would affect the ability of the B-1 to carry out a typical mission."

The Air Force wants to go ahead with production without testing the B-1's all-weather capability, weapons delivery and defensive avionics.

An airframe strength test was also deleted from the B-1 program in 1970, despite military specifications requiring it, for cost reasons. The GAO believes the Air Force should reconsider this decision.

Contrary to Pentagon instructions, the auditors reported, "minimum performance thresholds have not been established for the B-1 weapons system. The same may be said of cost and schedule thresholds which are also required by the (Defense Department) instructions."

The B-1 is supposed to carry Short Range Attack Missiles, known inside the Pentagon simply as SRAMs. According to the secret findings, it is "questionable" whether SRAMs will be available as fast as the B-1s are scheduled to come off the production line. If the decision is made to go ahead with the B-1, therefore, its weapons system may have to be changed.

SRAMs from the existing B-52 force could be diverted to the new B-1s. But the report warns this would result in a "decrease in operational readiness of the B-52 force."

The F-10 engines, which are supposed to be installed in the new bomber, don't meet the contract specifications for weight, fuel consumption and bird ingestion. According to the auditors, excessive weight will increase the fuel consumption and reduce the bomber's range. The overweight engine could also ingest a medium-sized bird in flight, with dangerous consequences.

The auditors called attention to anticipated cost overruns of $323.2 million from three of the four contractors—Rockwell, General Electric and Cutler-Hammer, Inc.

The fourth contractor has submitted a happy report. Boeing is expected to complete its part of the B-1 contract with an astonishing, anticipated cost underrun of $1.6 million.

The prestigious Brookings Institution, meanwhile, has conducted its own study and has concluded cautiously that the B-1 program is not needed. Rep. Les Aspin (D-Wis.), the House gadfly, has also criticized the B-1 spending sharply.

The resulting political turbulence may ground the B-1 bomber before it can be put into service. For on Capitol Hill, military appropriations no longer are held sacred. Members of Congress have become wary of new weapons, which have been proliferating faster than they can be assimilated.

The advocates of dubious weapons usually fight for them in all sincerity, genuinely believing them to be in the best interests of the country. And some officers argue that it is sometimes necessary to gamble in order not to get left behind in the technological race.

But the great corporate scramble for defense dollars is now receiving close scrutiny on Capitol Hill.

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## RESIDENT ALIEN STATUS

### HON. MILLICENT FENWICK

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

*Monday, April 12, 1976*

Mrs. FENWICK. Mr. Speaker, as I am sure we are all aware, this month marks the first anniversary of the collapse of the Republic of South Vietnam and Cambodia. A year ago, amidst rumors of impending slaughter and panic, over 132,000 inhabitants of Cambodia, Laos, and Vietnam sought refuge on our shores. I am proud to say that our country welcomed these refugees in a manner in keeping with our heritage as a haven to the oppressed.

In their first year in our country these new residents have done well. Over 80 percent of the household heads are now working and the average income of refugee families has steadily increased. In addition, many refugees are now attending schools that will lead to better jobs and faster cultural integration.

As a group, the refugees seem to embody the spirit of hope and the desire to work. There are some refugees, however, who are experiencing frustration despite their good intentions. Many of these individuals are former employees of our Government; namely, the Department of Defense, AID, USIA, and the CIA. Some of them fled their homeland for the sole reason that they felt their connection with the United States placed their lives in jeopardy with the new government. Their fear, in my opinion, was not without justification.

It seems patently unfair that the same individuals who diligently served us in Vietnam should now receive less than sympathetic understanding from us here. Specifically in question is rigid adherence to the 2-year requirement in effect for obtaining a "resident alien" status. The Indochinese refugees, after losing their homeland, their possessions, and even members of their family, are now being asked to adhere to procedures formulated without consideration of the circumstances at hand. I can think of no clearer example of bureaucratic thinking and redtape.

The disadvantages they have suffered under their current "parolee" status are numerous. For some refugees, ultimate success or failure in adjusting to life in the United States is at stake. Many former career civil servants cannot apply for Federal or State jobs. Former military personnel are unable to work in any capacity for our Armed Forces. And, perhaps most importantly for younger refugees, State tuition benefits are denied to students, regardless of whether or not they meet the otherwise applicable criteria.

Mr. Speaker, in a spirit reflecting the approach our Founding Fathers would

have taken to this injustice, I am introducing two bills recognizing the unique circumstances of the refugees. H.R. 12345 will exempt the refugees from the 2-year requirement in receiving "resident alien" status. H.R. 12346 will allow former members of the military of the Republic of South Vietnam or Cambodia to enlist into the Armed Forces of the United States under certain circumstances.

## BENJAMIN LEE SHUFF

### HON. GOODLOE E. BYRON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

*Monday, April 12, 1976*

Mr. BYRON. Mr. Speaker, recently Frederick County lost one of its best known and well-loved citizens with the passing of Benjamin Lee Shuff. Ben Shuff was a man widely known and respected in Frederick County and throughout the State of Maryland. He was associated with the Farmers and Mechanics National Bank in Frederick since 1921 rising to the top position as chairman of the board and chief executive officer.

Ben Shuff's passing leaves a void in the community which will be difficult to fill. I would like to share with my colleagues the obituary editorial from the Frederick News regarding Mr. Shuff and his life:

BENJAMIN LEE SHUFF

One of Frederick's most beloved citizens—Benjamin Lee Shuff—is no longer in our midst. He is only missing in person—it will be many years before all of those who knew—who loved him—who were indebted to him for countless courtesies, words of advice and acts of great assistance are no longer around to remind others of his honesty, his friendship, his sincere interest in people.

Benjamin Lee Shuff was first and above all a sincere friend to thousands, he gave them his word—and he stuck by it. He expected the same from those to whom he gave so much.

Benjamin Lee Shuff was a brilliant and astute banker. On December 5, 1971 he was honored with a dinner at the Red Horse celebrating his 50 years of service at the Farmers and Mechanics National Bank. And while tributes poured from the Maryland Bankers Association, the Maryland State Banking Commission, the Comptroller of the Treasury, Maryland's own Louis L. Goldstein, U.S. Senators J. Glenn Beall and Charles McC. Mathias and Congressman Goodloe E. Byron, thousands more came from his friends and business associates in the country. He was a member of the 50 Year Club of the Md. Bankers Association.

Benjamin Shuff was born on May 27, 1901 on a farm at Middlepoint, near Wolfsville, the son of the late William H. and Linnie E. Barkman Shuff. He was one of ten children. He attended public school in Wolfsville and graduated from Middletown High School class 1920. Later he studied for four years in accounting and certified public accounting work and spent a comparable period of time taking correspondence courses in banking and economics.

After being employed at the Curtis Bay Copper and Iron Works, Curtis Bay, Maryland, during part of 1919, and with the Poole Engineering and Machine Company, Baltimore, in 1920 as assistant auditor, Mr. Shuff went to Fort Meade as a stenographer in the Quartermaster Corps of the United States Army.

In 1921 Mr. Shuff became employed at the Farmers & Mechanics National Bank as a messenger and clerk. He worked his way up gradually through the minor and major offices of the institution and became considered a capable executive. He was elected a director on June 27, 1944 and in 1948 was named Executive Vice President, a newly-created position. On August 23, 1955 at the meeting of the board of directors of the bank, Mr. Shuff was named President to succeed the late Robert E. Delaplaine.

Prior to becoming president Mr. Shuff played a prominent role in the consolidation of Farmers and Mechanics with the Citizens National Bank of Frederick on January 31, 1953, under the title of Farmers and Mechancics—Citizens National Bank of Frederick. Thereafter, expansion of the bank continued at an unprecedented pace and became the largest national bank in Maryland, outside of Baltimore with total resources in 1955 of $28,373,862. Under his leadership and vision and assisted by a rapid economic growth, the F&M Bank expanded its services to twelve locations.

In 1971 Mr. Shuff was chosen Chairman of the Board and Chief Executive Officer. He personally insisted on dropping the title of Chief Executive Officer because of his failing health and his desire to make room for new executives coming up the ladder of leadership.

Mr. Shuff had served as a director in the following organizations: Frederick Gas Company, subsidiary of Washington Gas Light Company; Investors Loan Corporation. Development Credit Corporation of Maryland and Carmack's Grocery, Inc.; Ox Fibre Brush Co.; El Dorado Products, Inc.; Silver Chamberlin Brush Co. N.Y.; Vindobona, Inc., Price Electric Corp., chairman of the Board of Trustees of Hood College, Hospital Aid, Inc. and W. A. Riddell, Inc. of which firm he was also president.

He was a member of St. Mark's Lutheran Church, Wolfsville, Frederick Lodge No. 684 B.P.O.-Elks, Catoctin Club, Inc. and the Loyal Order of Moose. He was a member of long standing of the Chamber of Commerce of Frederick County, the International Platform Association and the Francis Scott Key Memorial Foundation.

Surviving besides his beloved wife, the former Elizabeth C. Herwig whom he married on July 31, 1933 are two sisters, Mrs. Eva Slottlemyer, Middletown, Mrs. Pauline A. Brown, Cascade, one brother William H. Shuff, Wolfsville and a number of nieces and nephews.

Benjamin Lee Shuff was a man who appreciated life and enjoyed a good sense of humor.

Frederick County owes you an irredeemable debt of gratitude. The community is a better place to live because of what you have given. Mr. Ben—may you rest in peace!

## FISCAL YEAR 1976 SECOND SUPPLEMENTAL APPROPRIATION

### HON. DAVID R. OBEY

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

*Monday, April 12, 1976*

Mr. OBEY. Mr. Speaker, the second supplemental appropriation bill for fiscal year 1976 as reported by the Appropriations Committee would result in a 23-percent cut in the size of average payments to college students under the basic educational opportunity grant—BEOG—program. Therefore, Congressmen ROYBAL, CONTE, PATTEN, STOKES, EARLY, and I will offer an amendment to this bill when it reaches the floor on Wednesday, April 14, to restore the average size of grants to students under the BEOG program to this year's level, as well as to increase funding for handicapped education grants to the States. The following table shows the impact of the committee bill and our amendment upon BEOG award levels for the individual States, and I would like to insert it for my colleagues' consideration.

BEOG AWARD LEVELS FOR ACADEMIC YEAR 1976-77

| | Committee level | Amendment level | Difference |
|---|---|---|---|
| Total | $1,010,000,000 | $1,315,000,000 | |
| 1. Alabama | 24,400,000 | 32,086,000 | 7,686,000 |
| 2. Alaska | 400,000 | 526,000 | 126,000 |
| 3. Arizona | 12,500,000 | 16,437,500 | 3,937,500 |
| 4. Arkansas | 10,200,000 | 13,413,000 | 3,213,000 |
| 5. California | 90,500,000 | 119,007,500 | 28,507,500 |
| 6. Colorado | 11,000,000 | 14,465,000 | 3,465,000 |
| 7. Connecticut | 7,700,000 | 10,125,500 | 2,425,500 |
| 8. Delaware | 2,400,000 | 3,156,000 | 756,000 |
| 9. District of Columbia | 5,400,000 | 7,101,000 | 1,701,000 |
| 10. Florida | 25,700,000 | 33,795,500 | 8,095,500 |
| 11. Georgia | 21,300,000 | 28,009,500 | 6,709,500 |
| 12. Hawaii | 1,600,000 | 2,104,000 | 504,000 |
| 13. Idaho | 2,500,000 | 3,287,500 | 787,500 |
| 14. Illinois | 45,500,000 | 55,887,500 | 13,387,500 |
| 15. Indiana | 16,000,000 | 21,040,000 | 5,040,000 |
| 16. Iowa | 12,100,000 | 15,911,500 | 3,811,500 |
| 17. Kansas | 11,500,000 | 15,122,500 | 3,622,500 |
| 18. Kentucky | 15,900,000 | 20,908,500 | 5,008,500 |
| 19. Louisiana | 26,800,000 | 35,242,000 | 8,442,000 |
| 20. Maine | 4,900,000 | 6,443,500 | 1,543,500 |
| 21. Maryland | 15,400,000 | 20,251,000 | 4,851,000 |
| 22. Massachusetts | 28,200,000 | 37,083,000 | 8,883,000 |
| 23. Michigan | 38,900,000 | 51,153,500 | 12,253,500 |
| 24. Minnesota | 19,100,000 | 25,116,500 | 6,016,500 |
| 25. Mississippi | 19,600,000 | 25,774,000 | 6,174,000 |
| 26. Missouri | 21,400,000 | 28,141,000 | 6,741,000 |
| 27. Montana | 3,500,000 | 4,602,500 | 1,102,500 |
| 28. Nebraska | 7,500,000 | 9,862,500 | 2,362,500 |
| 29. Nevada | 1,700,000 | 2,235,500 | 535,500 |
| 30. New Hampshire | 3,600,000 | 4,734,000 | 1,134,000 |
| 31. New Jersey | 26,100,000 | 34,321,500 | 8,221,500 |
| 32. New Mexico | 8,600,000 | 11,309,000 | 2,709,000 |
| 33. New York | 95,600,000 | 125,714,000 | 30,114,000 |
| 34. North Carolina | 32,000,000 | 42,080,000 | 10,080,000 |
| 35. North Dakota | 4,000,000 | 5,260,000 | 1,260,000 |
| 36. Ohio | 40,200,000 | 52,863,000 | 12,663,000 |
| 37. Oklahoma | 18,300,000 | 24,064,500 | 5,764,000 |
| 38. Oregon | 11,500,000 | 15,122,500 | 3,622,500 |
| 39. Pennsylvania | 48,000,000 | 63,120,000 | 15,120,000 |
| 40. Rhode Island | 4,400,000 | 5,786,000 | 1,386,000 |
| 41. South Carolina | 18,900,000 | 24,853,500 | 5,953,500 |
| 42. South Dakota | 5,500,000 | 7,232,500 | 1,732,500 |

BEOG AWARD LEVELS FOR ACADEMIC YEAR 1976–77—Continued

| | Committee level | Amendment level | Difference |
|---|---|---|---|
| 43. Tennessee | 21,700,000 | 28,535,500 | 6,835,500 |
| 44. Texas | 62,300,000 | 81,924,500 | 19,624,500 |
| 45. Utah | 3,100,000 | 4,076,500 | 976,500 |
| 46. Vermont | 2,600,000 | 3,419,000 | 819,000 |
| 47. Virginia | 15,800,000 | 20,777,000 | 4,977,000 |
| 48. Washington | 13,600,000 | 17,884,000 | 4,284,000 |
| 49. West Virginia | 8,100,000 | 10,651,500 | 2,551,500 |
| 50. Wisconsin | 16,600,000 | 21,829,000 | 5,229,000 |
| 51. Wyoming | 1,100,000 | 1,446,500 | 346,500 |
| 52. Guam | 700,000 | 920,500 | 220,500 |
| 53. Puerto Rico | 36,600,000 | 48,129,000 | 11,529,000 |
| 54. Virgin Islands | 100,000 | 131,500 | 31,500 |
| 55. All other | 200,000 | 263,000 | 63,000 |

## THE WARSAW GHETTO UPRISING

### HON. JAMES J. DELANEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Monday, April 12, 1976*

Mr. DELANEY. Mr. Speaker, this Thursday marks the sacred celebration of the Passover for the Jewish people and this weekend the solemn commemoration of death and renewed life for their fellow countrymen who are Christians. It is only fitting that on Monday next we call to mind those early dawn hours of April 19, 1943, when the Jewish Combat Organization ZOB, commanded by Mordecai Anzelewicz, began its armed uprising against Nazi troops in the ghetto of Warsaw.

It was on September 1, 1939, that the Second World War began with the Nazi Blitzkrieg against Poland. On September 17, the Soviet Union announced that the Polish State with which it had recently signed a nonaggression pact no longer existed and crossed the Polish frontier from the east. Although Warsaw held out defiantly until September 27, by October 5 combined Communist and Nazi forces had conquered Poland. The Nazis decided on November 15, 1940, to seal off the entire Jewish population of the capital and completely segregated them from the rest of the city. They forced nearly one-third of Warsaw's population into an enclosed ghetto. The invaders soon tired of their campaign of segregation and starvation and in the summer of 1942 decided to use more drastic measures. From July 22 through September 21 they undertook the first phase of a systematic extermination of all Jews in Poland and liquidation of the Warsaw ghetto. More than 300,000 people were either deported or shot.

It was at 2:15 a.m. on April 19, 1943, that the Warsaw ghetto was ringed by a cordon of SS troopers. They actually gave as an excuse the fact that only 200 Jews had answered a call for workers to be sent to the Trawniki concentration camp after a higher quota had been set. After 12 hours of bitter fighting, the Nazi attackers were forced to withdraw temporarily. Not a single Nazi remained alive in the ghetto area. The courageous stand of the Jewish population against the foreign aggressor continued until May 16, organized resistance giving way to guerilla warfare. Finally, in a symbolic and almost ceremonial act, the Nazis dynamited the great synagogue. Over 800 acres were utterly devastated—SS Gen. Juergen Stroop reported:

The former Jewish quarter of Warsaw is no longer in existence.

Mr. Speaker, this 33d anniversary of the Warsaw ghetto uprising reminds us of the sacrifices made by 6 million European Jews and an equal number of other Europeans who died in the holocaust of World War II. It reminds us of the courage, patience, and perseverance of a people who had borne persecution, suffering, and separation from their homeland for nearly 2,000 years—of their spirit which still inspires every man and woman who loves freedom and hates tyranny and oppression. But, above, all, it reminds us of man's capacity for inhumanity to his fellow man.

Mr. Speaker, as George Santayana noted so well, those who cannot remember the past are condemned to repeat it. Let us never forget.

## IWY COMMISSION PRESIDENT'S LETTER SUPPORTING NATIONAL WOMEN'S CONFERENCES

### HON. BELLA S. ABZUG

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Monday, April 12, 1976*

Ms. ABZUG. Mr. Speaker, this letter, from Ms. Jill Ruckelshaus, presiding officer of the International Women's Year Commission expresses enthusiastic support for the National Women's Conferences—which we will be considering on Wednesday and restates the willingness of the President's appointed commission members to carry out the intention of Congress:

NATIONAL COMMISSION ON THE OBSERVANCE OF INTERNATIONAL WOMEN'S YEAR, 1975,
*Washington, D.C., April 12, 1976.*

Hon. BELLA ABZUG,
*U.S. Representative, Longworth Office Building, Washington, D.C.*

DEAR CONGRESSWOMAN ABZUG: As Presiding Officer of the National Commission on the Observance of International Women's Year, I would like to convey our enthusiasm and support for the purposes of PL 94–167 which you sponsored.

The proposed state and national conferences on women are an historic event eagerly awaited by the women of America. I can think of no more appropriate way for the United States Congress to recognize the role of American women in contributing to our proud history.

It is indeed fitting that this nation's Bicentennial and International Women's Year were the occasion for the passage of PL 94–167. The conferences mandated by this law will be completely open to the public and will enable citizens with very point of view to express their opinions on the needs of women. The members of this Commission will do their utmost to make the conferences accessible and interesting to the broadest possible spectrum of men and women.

Once again, may I express by gratitude to you and your colleagues on behalf of the women of America.

Sincerely,

JILL RUCKELSHAUS,
*Presiding Officer.*

## URUGUAY: THE TORTURE AND DEATH OF ONE MAN'S SON

### HON. EDWARD I. KOCH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Monday, April 12, 1976*

Mr. KOCH. Mr. Speaker, I believe the letter which follows tells of the repressive situation in Uruguay better than any statistic can. Mr. Selmar Balbi, a trade union leader and teacher, wrote to President Bordaberry concerning the death of his son, Alvaro Balbi, at the hands of the military. The letter which follows was provided me by Amnesty International:

MONTEVIDEO,
*August 6, 1975.*

To his excellence the President of the Republic of Uruguay, DON JUAN MARIA BORDABERRY.

MR. PRESIDENT: I am writing to you the most difficult letter of my life, and because it involves pressing matters of moral reason and conscience, I shall be coldly precise in my appeal for justice.

I am writing to you as President of the Republic, and with regard for your decision-making powers, as Supreme Commander of the Armed Forces.

I do not seek condolences, for I need no words of consolation. Every day I am overwhelmed with the sympathy of a whole people. Believe me, there is no element of exaggeration in this. Ask your own children.

As Head of State, Mr. President, only you can reply to me by action, and the action required in this dreadful instance—which unfortunately is not unique in our country—should be a just, exemplary, definitive and public punishment, duly documented and published, as is often done through all the public media.

Mr. President, my plea springs not from any mean spirit of revenge, but solely from a longing to secure for the ordinary citizens of the Republic the guarantee that random murder will not go unpunished. I ask only this and in this instance, nothing else. You hold the scales and can judge as the most responsible officer in the country.

On Tuesday, 20 July last, my son Alvaro Balbi, was arrested by the Combined Forces [military and police—AI] under your command, Mr. President. My son was Uruguayan, 31 years old, married, father of four small children, and an honest, hardworking man.

All the efforts of his wife, my young daughter-in-law, to locate him through the authorities were in vain. Wednesday the 30th passed. On Thursday the 31st we prepared again to resume the search. I can assure you, Mr. President, that despite the anguish I felt

as a father, given the present situation in the country—as the father of a large family you can doubtless understand this feeling—I was confident that at least his life would be safe in the hands of officials in your trust.

What a painful mistake, Mr. President! Just after mid-day on Thursday the 31st, your officials personally informed my son's wife and my wife, his mother, that at one o'clock that morning my son had died from an attack of asthma caused by the cold and that we could reclaim his body at the Armed Forces Hospital. Twelve hours after his death we had been inquiring about him at several offices, and no one had had any news of his arrest!

Government forces detained a healthy man in the prime of his life, yet he survived only a little more than a day in their hands. I do not know the place or exact time of his arrest or the names of the arresting officers, but the persons responsible are under your authority, Mr. President, and only you can decide to identify them and investigate their acts.

As you see, President Bordaberry, my son was very young. The doctors who had treated him for simple ailments can tell you that despite his slender build, he was healthy and strong. Of course, he did not suffer from asthma or any other chronic illness. His temperament—innumerable witnesses will confirm it—was cheerful, sociable and energetic. He worked eight or more hours a day in a highly responsible job. He studied at the National Conservatory of Music, intending to join the Official Symphony Orchestra, and he was a distinguished pupil. Having completed his studies of the piano and having gained a knowledge of the violin and guitar, he started about a year ago to study the bassoon in order to join the orchestra. He often missed his lunch to work with his piano teacher on keyboard harmonics, which fascinated him. He composed music. The strain of earning a livelihood hindered his creativity because he was poor and had a sizeable family. He was not the sort of man, believe me, who would die of cold or from asthma. Furthermore, he had never suffered from asthma nor from any other serious illness.

Moreover, Mr. President, when I collected his clothes from the hospital, together with his wedding ring, they handed me his underclothes, woolen pullover, his suit, overcoat and winter shoes. Whence came the cold—a chill capable of killing a healthy, young, well-nourished man? There was torture, Mr. President. Why were his clothes mud-stained? Why was his head bandaged?

Mr. President, in the presence of witnesses, Commissioner Tellechea of the Second Police Department (I am not certain if this is his exact designation) told me that he was an honest man, assured me that he was not personally responsible for what had happened, and said that his function in the matter was merely administrative. Having spoken only once before to Senor Tellechea, I have no special reason to accept his word. I do not hesitate to say so, even publicly. For this reason I understood him when he added, I quote, "This *mochuelo* was thrown at me at noon today." This was about 4 p.m. on the 2nd. I wonder, Mr. President, what Senor Tellechea meant when he used this contemptuous police slang with his natural bluntness? To me *mochuelo* sounds like some unwelcome burden sloughed off on someone else to avoid embarrassment.

Mr. President, I am not making accusations. I am saying only what I think and feel. All the evidence suggests that my son was killed while in the hands of the Combined Forces. It is up to you to investigate, but I want to say this: In Uruguay the death penalty does not exist. Not even the highest judicial authority, even when faced by the gravest crimes, can condemn the most vicious of criminals to death. No one, therefore, had the right to kill my son. Even if, as is sometimes suggested, an excess of uncontrolled zeal led to his murder, only the most absolute impunity could have concealed this crime.

Mr. President, our family is large and, without a single exception, highly esteemed. Mr. President, make your own inquiries, or instruct others to ask in Agraciada, Dolores or Mercedes in the province of Soriano, our place of origin. On my father's side we descend directly from Colonel Tomas Gomez, hero of the Crusade of the 33. In that region our kinsmen still maintain the family home that belonged to his daughter, Dona Palmira, my great-grandmother. My paternal grandfather was a judge there and was respected even during the civil war. On my mother's side we descend from Garibaldi's compatriots, and one of her brothers, Alberto Mazzeo, was a disciple to Vaz Ferreira, the poet and journalist in the service of freedom who was stabbed to death in 1918 by a mercenary who escaped punishment. His heritage was a son, Arbelio Ramirez, my cousin, historian of our country and a dearly admired teacher. He was shot in the neck on his way to lecture at the Alfredo Vazquez Acevedo Institute one evening in 1961. His assassin is still at large. Now my Alvaro, Mr. President. I do not want crime to go unpunished, whoever the criminal, whoever the victim.

You can surely understand, Mr. President, that a man like myself must speak in the first person, educated as I am in such a severe family school. So far, I have referred only to the most costly contribution we have made, which is blood, and not to the smaller but no less heroic contribution of daily work. Alvaro was deeply affected by this background, not the least because of his own temperament. Of course, in a family of such traditions, many ideas and professions play a formative part. But so do inherent harmony, love and tolerance, and so, above all, do moral integrity and manly virtue. We could be killed but not broken.

Therefore, if my noble and blessed son, following the traditions of his family and of Uruguay, committed some fault in light of the present situation in the Republic—and I admit that he might have committed an act that is punishable under the present government—I state categorically and fervently, Mr. President, and I know and affirm, staking my own life on it, that young Alvaro Balbi could not have committed the slightest offence against human morality. And this reveals to the very soul of the nation the monstrous gravity of the crime against his life.

A few hours before my son's death, the police raided his house. I assure you that there was nothing incriminating on the premises, just as there was nothing to be found at the shop where he worked or in the home of his employer. The police acted correctly, but as they were leaving, one of the policemen asked my daughter-in-law, "Isn't your husband's father a trade union leader?" That question haunts me. Is it that my status as a trade union organizer led to my son's death? What policeman asked that question?

Mr. President, I do not wish to discuss political ideas, yours or mine. But I must tell you that my background and my political and philosophical convictions—which were shared by my son on whom I imposed nothing—have led me to consider others not as strangers but as kinsmen, to listen to their problems and to help them. Although these convictions are sustained by the objective truth that the happiness of one depends always on the happiness of all, the real weight of these convictions is that they come from my life among people who have always worked hard for a living and whose convictions are forged in the heat of their daily work. Nothing could weaken those convictions in me or in Alvaro.

Many of my social and political activities are undoubtedly under surveillance by the state authorities, and some of the entries in their files are probably true. But perhaps my most important activities are not recorded. I want you to know something about me so that you can understand my son. I am 62 years old. I have spent nearly 50 of those years in the service of my fellow men. Apart from certain modest political involvement, my activities began when I was aged 13 among the students of Mercedes, petitioning to save Sacco and Vanzetti. Eventually I became a leader of the Student Association. Shortly after completing my training as a schoolteacher, I founded the first teachers' association in Dolores and some time later became a leader for 30 years of the Uruguayan teachers' union. I was democratically elected to represent the union on numerous occasions both at home and abroad. My profession was that of schoolteacher, headmaster and a lecturer at the Labour University, and my work was esteemed. As a result of my pedagogical research I became associated with the New School Movement and with the Langevin-Walon Movement, which offered me a scholarship to study in Europe in 1963. The University allowed me special leave and financial support for this purpose, and the Primary Education Council also granted me leave of absence. . . . Everything I learned, which was not a little, I invested in our country's educational system. Now I am retired, and because of my health I gave up trade union activities ten years ago. This is a sketch of the simple life of a schoolteacher.

However, Mr. President—and this is the essential point—in half a century I have never been accused or condemned by any government, any party or any regime, and although I have worked passionately for my ideas, which I have never tried to conceal, I have never been arrested by the police in any country. And I have no enemies even among my opponents, whose virtues more than their faults I have always tried to recognize.

Mr. President, if my status as a trade union leader led to my son's murder, do you not feel, if not as President, then at least as a man and a father, that this was too severe a punishment for an innocent father and a noble young man? It would be worse than monstrous. All my colleagues in education know that I cannot retreat into obscurity and that so much disgraceful injustice and unbearable pain cannot turn me from working for the education and well-being of my people. If someone was capable of inflicting punishment for these convictions ("His father is a union leader") that person should himself be given an exemplary punishment.

I do not want this letter to be used unduly or maliciously, Mr. President. My son died in the hands of the Combined Forces. I repeat, I do not know whether he committed any crime or what crime this could have been; but I also reiterate that it could not have been a crime—least of all a serious crime—against humanity.

Our family has never put death above life. My son is dead, but his children live, as do the almost 10,000 young people who have been under my tutelage during 40 years as a teacher. My grief speaks for them, demanding that crime not go unpunished and that the security and joy of life be cherished.

It is right that the law should be applied to offenders. But no law, moral or judicial, allows anonymous or official forces to exact punishment outside the bounds of humanity and legality.

I hope only that Alvaro's death will be the last unjust death in this country and that it will lead to the end of crime without punishment in this land.

You should know, Mr. President, that like my son I cultivate the gift of friendship. At this point in my life I have gathered a rich harvest, the most abundant and bountiful harvest that a man could reap. In the last

few days people from every walk of life, including some of opposite political opinions, have overwhelmed my wife, myself and my son's lovely wife with expressions of moral and material support on a scale almost beyond belief. This letter, written in good faith, will reach them at the same time it reaches you. But this family of friends and their friends extends throughout the world, and each one will receive this letter. As you can see, I ask only for justice. This letter contains only facts, questions and quotations. I have held my tongue, omitting any affront, criticism or offense. I want only justice. And I appeal to the whole world to witness this, for "the implementation of justice," as a great man has written to me, "is the highest form of retribution." If we secure justice, Mr. President, it will be a guarantee as much for you as for me in the eyes of all nations.

I believe in the dignity of mankind, Mr. President, and my son's murder, like all such acts, was an act beneath humanity. I do not sit in judgment on you or your government, but I approach you because you are a young father who holds in his hands the power necessary to punish injustices the arbiter today in the choice between mankind ennobled and mankind made monstrous in Uruguay, a land of free men and women.

SELMAR BALBI,

*Former head of Secondary School, No. 146, Montevideo; former professor of technical education; former leader of the School Teachers' Union of Montevideo; and former leader of the Uruguayan Federation of School Teachers.*

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## WILLIAM P. DONLON TO BE HONORED BY UTICA KIWANIS CLUB

### HON. DONALD J. MITCHELL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Monday, April 12, 1976*

Mr. MITCHELL of New York. Mr. Speaker, I would like to take this opportunity to tell my respected colleagues about Mr. William P. Donlon, who will be honored later this month by the Utica Kiwanis Club for his outstanding contributions to the Kiwanis Club and the community.

Mr. Donlon is widely known to his friends and colleagues as the gentleman behind the scenes—the man who gets things done—who can be called upon for help no matter what.

He is described by his friends and fellow Kiwanians as a devoted, dedicated and altruistic leader who gives without taking—no matter what the risk or the task. At the age of 85 the youthful Mr. Donlon—"You're only as old as you feel"—states without hesitation that he will go on working even though at age 65 he momentarily considered retiring.

Born in Amsterdam, N.Y., in 1891, Mr. Donlon moved to Utica when he was 17 years old where he began a lifelong career as a dedicated community leader. He has been the recipient of many national awards for his contributions to assist coin collectors. He is an honorary life member of several numismatic organizations and has served as the secretary, president, lieutenant governor, and treasurer of the Kiwanis Club of Utica.

On April 21, 1976, the community will have the opportunity to pay tribute to this gentleman whose primary concern has been his fellow man.

He deserves a spirited and grateful thank you.

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## OBSCENE PROFITS

### HON. WILLIAM J. HUGHES

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

*Monday, April 12, 1976*

Mr. HUGHES. Mr. Speaker, to the rhetoric question proffered by the oil industry, "What ever happened to those obscene profits?'" I submit the attached in partial explanation:

MAJOR OIL COMPANY FINANCIAL REPORTING SUMMARY

1974 was a year of extraordinary profitability for the oil industry in general. The companies have claimed publicly that the results were caused by one time inflationary pressures that they need every dollar to profit to explore for new reserves, and that in light of their historically poor return on invested capital the 1974 results merely got them to a fair level. At least the latter is true to some extent. Faced with a low return on capital, low earnings, or a bad financial picture most companies have traditionally taken advantage of flexibility in accounting procedures to make the company look as good as possible in any given years. As long as that is done consistently from year to year and company to company there is good comparability and the figures are easily understood. However, when as in 1974 companies are faced with extraordinary profits that may never be matched again the incentives are completely different. In that case companies are tempted to account for their success in such a way to make 1974's figures look less dramatic and to reserve some of the effect for later years when profits are not actually as good. Of the 20 largest oil companies, 14 of them succumbed to this temptation. They took write offs, changed accounting policies, created reserves and split stock with effects on reported earnings ranging from reductions of 0.5% to 100%. All of these things are disclosed in public financial statements or the Form 10K reports submitted to the Securities and Exchange Commission. However, since there is a strong tendency to look to the bottom line rather than comb the footnotes the public is left with the impression that the bottom line reflects the hard facts. Thus fair and accurate financial reporting gives way to the sort of creative accounting that allows companies to smooth their earnings and alter public and capital market conceptions of financial well being.

FINANCIAL REPORTING OF 20 MAJOR OIL COMPANIES

The major oil companies have become very familiar with the term "obscene profits" since the release of their 1974 financial statements. The principal reason given for the extraordinary figures was one time inflationary pressures exerted both within the market and by OPEC exercising its new found control over the world's energy supply. The impression given is then that the major U.S. companies had no control over their reported profits. Nothing could be farther from the truth. Quite apart from operating control each of these companies has wide latitude within so called Generally Accepted Accounting Principles to report its operations in published financial statements. That means that in any number of ways a company can make its earnings look better or worse in any given year, not arbitrarily and capriciously but significantly and still report fairly enough to get a clean opinion from their accountants.

To the extent that this is done the goal of the companies is to show a steady upward trend in income. Generally that means using every accounting device available to them to make earnings look better. This creates a better market perception of their stock and any debt they may need to issue. However, the benefits are short lived if earnings take a huge leap in one year and the growth curve cannot be maintained thereafter. Whether or not the big oil companies could have predicted the adverse public opinion to their reported profits, they knew they couldn't repeat them in subsequent years with a steadily decreasing supply of raw materials. Thus in a very real sense there was strong incentive to temper the dramatic increase in reported profits in 1974 and reserve some of them in order to report them in subsequent years.

Clearly the 20 largest oil companies with some exceptions have taken advantage of this flexibility in accounting procedures. There is absolutely nothing illegal about this sort of activity. Most of it gets by under the guise of "Good Conservative Accounting." In fact, corporate officers and directors are under a legal duty to use their best efforts and good business judgment to maximize return on investment for stockholders. Whether failure to take advantage of flexible accounting methods is a breach of duty to stockholders is very doubtful. Considerably less doubtful however, is the fact that the public has been to some extent misled into thinking that reported earnings reflect very precise figures over which the companies have no control. In fact those companies could have reported considerably higher profits in 1974 than they actually did as the figures to follow will show:

1. Exxon added $40 million to investment reserves which it deducted from current revenues in addition to another $38 million simply allocated to other reserves. It is not possible to tell from previous reports whether this is standard procedure or an extraordinary sum. In any case it could be nothing more than conservative treatment although it could have been included in income amounting to a 2 percent increase over that reported.

2. Texaco changed from First in First Out (FIFO) inventory accounting to Last in First Out (LIFO) accounting for crude oil, petroleum products, and petrochemical inventories in the United States as of January 1, 1974. This change is one that many companies in a wide variety of industries have adopted in the face of continued inflation. Its effect is to charge inventory with those raw materials last purchased or produced so that in inflationary times the income reported will be less than if those items first purchased or produced were charged to inventory first. A major reason why most companies have made the change is that the Internal Securities and Exchange Commission requires registered companies to use the same inventory accounting policy for financial reporting purposes as for tax purposes. Texaco uses the reasoning that LIFO more closely matches current costs with current revenues. That is no doubt true but it also has the effect of reserving some profits in inventory for some future time and in 1974 reduced income by $196,700,000 or $.72 per share.

3. Mobil's income increased only 23 percent in 1974, a relatively small amount compared to others among the top 20. As a result Mobil took advantage of additional funds to increase dividends by $.40/share and purchase Marcor rather than reserving the profits by accounting techniques. The purchase of Marcor had no immediate effect on earnings and Mobil claims it would not have had the 1974 figures been consolidated. There appears to

be at least some dilution forthcoming in that Mobil's return on capital without Marcor was roughly 12 percent. Mobil paid $832,000,000 for 54 percent of Marcor which earned $96,652,000 in 1974. Mobil's 54 percent would be worth only 6 percent on its $832,000,000.

4. Standard Oil of California saw its income increase from $844 million in 1973 to $970 million in 1974. The per share data looks similar increasing from $4.97/share to $5.71/share but would have looked substantially more dramatic had Standard not split its stock 2 for 1 in 1973. It is difficult to speculate as to whether this was done in anticipation of a big year in 1974 either in whole or in part because of the countless other potential reasons available. Whatever the reason it was certainly well timed to keep per share figures from looking exorbitant. Standard of California took a similar step in 1974 by extending LIFO inventory accounting to foreign operations. The result was to reduce 1974 reported income by $250 million or $1.47 per share. Since reported income was up only $.74 per share or 15% over 1973 income the extension of LIFO reduced the increase by 66 percent and avoided having to report a 44 percent increase in income in 1974. There are several legitimate reasons for shifting to LIFO but if the purpose were smoothing of reported income their timing was flawless.

5. Gulf's income rose 25 percent from $800 million in 1973 to $1,065 million in 1974. It is not apparent that Gulf has tried to reduce this amount and in fact spent $341 million purely out of working capital to buy 13 million shares of its own stock in 1973. This is not surprising since even with the increase Gulf did not quite reach an 11 percent return on invested capital so there was little incentive to report a lesser income. They had any number of problems in other areas including illegal contributions without trying to cut down a 25 percent increase in income.

6. Standard Oil of Indiana issued a 100 percent stock dividend in December of 1974 which resulted in reported earning per share of $6.86 in 1974 as opposed to $7.33 in 1973. Adjusted the 1973 figure is reported as $3.67 leaving one to search the footnotes to find the stock dividend. Without it the reported figures would have been $7.33 in 1973 and $13.72 in 1974. Undoubtedly Standard has sound arguments for increasing its capital base to provide greater accessability to the capital markets in the future but for pure cosmetic effect on the absolute amounts reported in a time when oil companies were taking a lot of criticism for windfall profits the stock distribution is a marvelous device. So effective in fact that Standard was able to shift from FIFO to LIFO accounting for chemical inventories and claim that it had no material effect on earnings. When net income jumps from $511 million to $970 million in one year it takes a lot more to be material than it did the year before.

7. Shell already takes advantage of most of the accounting devices that would reduce income but they did adopt price level adjusted financial reporting to more accurately reflect actual standing in inflationary times. The net result was to reduce reported income by $3,000,000 or $0.04 per share.

8. Conoco adopted LIFO on January 1, 1974 reducing earnings for the year by $71 million or $1.40 per share. They also adopted price level adjusted accounting reducing 1974 earnings by 8 percent. The total effect is a 30 percent reduction in reported income purely as a result accounting changes. Without them income in 1974 would have been up 76 percent over 1973.

9. Arco wrote off $21,700,000 in 1974 as a result of a previously announced withdrawal from a Canadian tar sands project.

10. Occidental Petroleum's income increased 391 percent from 1973 to 1974 but only 60 percent over 1970 because of a succession of bad years in between. They took advantage of the occasion to change to LIFO and hardly missed the $48 million the change eliminated from reported earnings. They also took a $42 million loss from discontinued operations as compared to $5, $9, $5, and $48 million in such losses in 1970 through 1973 respectively. Further they went ahead and adopted a new Financial Accounting Standards Board policy which requires expensing certain research and development costs as incurred. The principle was to take effect in 1975, and was standard procedure for most of the major oil companies already. Occidental had been capitalizing certain of those expenditures with the result that their reported income was increased by approximately $6 million each year from 1970 through 1973. Now that they do not need the extra income they have adopted the statement one year early reducing their income by $4 million in 1974. This does not appear to be the first time that Occidental has taken advantage of generally accepted accounting principles. Back in 1971 their worst year of the five examined, Occidental established a $65,000,000 reserve against possible future losses on chartered tankers due to potential cutbacks in oil from Libya. In any year that would be a very conservative action but since Occidental was reporting a loss for 1971 they appear to have indulged in "The Big Bath," an accounting phenomena whereby companies suffering a bad year decide nothing else can hurt and take advantage of the occasion to clean up their accounts. That often means writing off bad results carried over from past years or clearing the way for better years in the future. That was certainly the result of Occidental's 1971 actions and their 1974 efforts strike a similar note though in different circumstances. They seem to have a very versatile accounting staff.

11. Tenneco began on January 1, 1974, to provide for deferred federal income taxes applicable to the current difference between financial income and taxable income arising by virtue of tax deductions applicable to oil and gas exploration, development and production activities. Prior to that they had flowed through those benefits to current income. The result was to reduce net income by $46,000,000 or $.66 per share in 1974.

12. Phillips petroleum adopted deferred tax accounting for a Canadian subsidiary in accord with recommendations of Canadian Institute of Chartered accountants. This reduced reported income by $28 million or $36 per share. They also closed down a 94 percent owned Puerto Rican subsidiary because of uneconomical operations, resulting in a $63 million loss. However, they also sold their interest in some Japanese fertilizer companies at a profit so the net charge to income was only $9 million.

13. Union Oil made no significant accounting changes in 1974. There were procedures adopted by the other companies available to them and their income increased from $180 million in 1973 to $288 million in 1974. However, they were probably hampered to some extent by a hung issue of 7.8 million shares of convertible preferred stock callable at $65 per share and convertible into 10.15 million shares of common stock. Since the common stock ranged in price from $56¾ down to $27¼ in 1974 that preferred is not likely to be converted. That sort of situation creates problems when a company wants to issue new stock or debt to raise capital. The chances are they hoped to get it converted before they took any sort of steps that would reduce earnings.

14. Sun Oil took a loss of $5 million on the divestiture of Red Barn Chemical Company. They also did an unusual thing in the statement of earnings per share: they stated them in terms of earnings per share after preferred cash dividends. Most companies state eps before provision for preferred dividends or give before and after figures. Since money expended for preferred dividends is not available to common stockholders Sun's method is perfectly proper and they have followed it for years but it did make their income per share look relatively less high than the other companies. Sun is one of the few major oil companies still controlled by a single family and that may have some effect on the manner in which preferred dividends are treated.

15. Amerada Hess made no significant accounting changes in 1974. Significantly their income was down from 1973 even disregarding a $27 million extraordinary addition in 1973 which had been deducted from income in 1972, their worst year in the past 10.

16. Ashland switched entirely to LIFO reducing income by $35,000,000 or $1.48 per share.

17. Marathon had already switched to LIFO in 1973 but made no further changes or extraordinary write-offs in 1974.

18. Cities Service reduced 1974 net income by $21 million as a result of write-off of plant, equipment, and inventory costs at several locations. However, they had an $8 million increase in income due to restoration of an excess reserve provided in prior years for helium royalty expenses. They also extended use of LIFO reducing income by $13 million and cancelled plans to construct petroleum processing facilities in Lake Charles, Louisiana at a loss of $9 million after taxes.

19. Getty's income nearly doubled in 1974, rising $281 million from $142 million, and $15.00 per share from $7.54. It is interesting to note that in 1973 their taxes equaled $84 million while their theoretical tax amount was $112 million. In 1974 their income tax expense was $316 million and the theoretical tax amount $304 million. The 1973 figures are what one would expect, less income reported for tax purposes than for financial reporting purposes. The 1974 figures reflect exactly the opposite meaning that there were deductions taken for financial reporting purposes that could not be taken for tax purposes. Those deductions include a $45 million charge to income to establish a reserve for possible increases in the Saudi Arabian government take for production in that country. They established a similar $10 million reserve for Iranian operations. Finally, they established a $35 million reserve for amounts in dispute with Phillips which reduced income by $21 million. That amount has already been recredited to income in 1975 after the suit was settled.

20. Standard Oil of Ohio (SOHIO) is harder to compare as a result of the 1970–71 merger with British Petroleum, a 2 for 1 stock split in 1973, and a 1973 inventory accounting change relating to the sale of inventories between subsidiaries. Nevertheless Sohio's 1974 income more than doubled over that in 1973 in spite of an extension of LIFO to chemical inventories reducing income by $3 million or $0.80 per share.

CONCLUSIONS

The published financial reports of the twenty largest oil companies indicate a clear trend toward taking advantage of generally accepted accounting principles to reduce reported income. Fourteen of the twenty firms examined made some change in accounting policy or indulged in some write off that had the result of causing less income to be reported in 1974 than would otherwise have been possible. The changes ranged in magnitude of their effect on reported earnings from 0.5% to 100%. They included nine switches to LIFO, 4 companies taking write-offs for discontinued operations, one 100% stock dividend, and one set of very imaginative reserves that were established. Any one of these in isolation might not even be interesting but the fact that virtually every company that did not suffer some serious disability took a major step that had the effect of reducing reported income significantly is hardly a coincidence. Despite whatever public relations message they seek to convey

about needing every cent for exploration this study shows that the 20 largest oil companies took steps that would ease public outcry about windfall profits and reserve some portion of those profits for later years. While it is difficult to read any particular motivation into the actions taken it is nevertheless clear that cosmetic effect had some part in them. Unfortunately a large part of the public believes that reported financial statements reflect a company's financial position exactly. Thus the figures that the public is accepting as precise can be and in fact are being manipulated by these companies in a way that to some extent obscures the actual results of the years' operation. Flexibility in SEC rules and generally accepted accounting principles is intended to enable companies to accurately reflect their financial position in light of the economic realities particular to the company reporting. To use that flexibility enhance their public image to the extent done here may not be scandalous but it is at best a questionable practice.

| Company | Reported income (millions) | Available income (millions) | Difference (millions) | Percent of reported | Reported EPS | Potential EPS | Difference | Percent of reported |
|---|---|---|---|---|---|---|---|---|
| Exxon | 3,142 | $3,220 | $78 | 2.0 | $14.04 | $14.39 | $0.35 | 2.0 |
| Texaco | 1,586 | 1,783 | 197 | 12.0 | 5.84 | 6.56 | .72 | 12.0 |
| Mobil | 1,047 | NC | NC | NC | 10.28 | NC | NC | NC |
| Standard Oil of California | 970 | 1,220 | 250 | 26.0 | 5.71 | 7.18 | 1.47 | 26.0 |
| Gulf | 1,065 | NC | NC | NC | 5.47 | NC | NC | NC |
| Standard Oil of Indiana | 970 | NC | NC | NC | 6.86 | 13.72 | 6.86 | 100.0 |
| Shell | 620 | 623 | 3 | .5 | 9.21 | 9.25 | 0.4 | .4 |
| Conoco | 328 | 428 | 100 | 30.0 | 6.47 | 8.43 | 1.96 | 30.0 |
| Arco | 475 | 497 | 22 | 5.0 | 8.36 | 8.75 | .39 | 5.0 |
| Occidental | 281 | 375 | 94 | 33.0 | 3.77 | 5.26 | 1.49 | 40.0 |
| Tenneco | 321 | 367 | 46 | 14.0 | 3.43 | 4.09 | .66 | 19.0 |
| Phillips | 402 | 439 | 37 | 9.0 | 5.30 | 5.78 | .49 | 9.0 |
| Union | 288 | NC | NC | NC | 7.03 | NC | NC | NC |
| Sun | 378 | 383 | 5 | 1.0 | 8.31 | 9.34 | 1.03 | 12.0 |
| Amerada Hess | 202 | NC | NC | NC | 5.32 | NC | NC | NC |
| Ashland | 113 | 148 | 35 | 31.0 | 4.45 | 5.93 | 1.48 | 33.0 |
| Marathon | 170 | NC | NC | NC | 5.70 | NC | NC | NC |
| Cities Services | 204 | 239 | 35 | 17.0 | 7.58 | 8.88 | 1.30 | 17.0 |
| Getty | 281 | 357 | 76 | 27.0 | 15.00 | 19.06 | 4.06 | 27.0 |
| Sohio | 148 | 151 | 3 | 2.0 | 4.03 | 4.11 | .08 | 2.0 |

## NASA, DEPARTMENT OF INTERIOR HELP ALASKAN NATIVES

### HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

*Monday, April 12, 1976*

Mr. TEAGUE. Mr. Speaker, NASA's Landsat spacecraft, circling the globe 14 times a day, 560 miles overhead surveys the Earth's natural resources with an electronic multispectral scanner that returns data for visual images and computer tapes from which experts can distinguish different types of terrain, vegetation, soils, rock outcrop, and other surface features.

The State of Alaska, in taking advantage of this capability, and with the help of the U.S. Department of Interior's Bureau of Indian Affairs and NASA's Office of University Affairs is putting the photo interpretation to good use. I commend this initiative and urge more participation in programs of this type.

Pictures from a NASA spacecraft have been used to help Alaskan Indians select thousands of acres of potential commercial timberland and promising areas for mineral exploration from vast tracts of wilderness offered by the Federal Government to settle native claims going back to the U.S. purchase of Alaska from Russia in 1867.

Under the Alaska Native Claims Settlement Act of 1971, 99 million acres were set aside from the Federal public domain for selections of 40 million acres of surface title and mineral rights by more than 200 native village corporations, and 12 native regional corporations representing some 100,000 Indians, Eskimos, and Aleuts.

One of Alaska's native regional corporations, Doyon, Ltd., in the central part of the State, asked the University of Alaska, at Fairbanks, to recommend the best land from relatively inaccessible, irregularly shaped blocks scattered over more than a third of the huge State.

Much of the region had few settlements, roads, or airfields. Though it was known to be rich in minerals and forested with stands of birch, aspen, and white pine of commercial quality, there were no detailed land-use maps.

Scientists at the university's geophysical institute used images from NASA's Landsat-1 Earth resources survey satellite, combined with the limited ground and aerial data available, to make maps of 7 million acres showing areas of caribou and moose pasture, potential agricultural land, and potentially marketable softwood and hardwood forests and areas where geological features indicated possible deposits of hardrock minerals.

The work was supported financially by the U.S. Department of the Interior's Bureau of Indian Affairs and NASA's Office of University Affairs.

According to a University of Alaska report:

> Some two million acreage have been selected as part of the land entitlement of Doyon, Ltd., and these selections were based heavily upon the thematic maps produced from analysis and interpretation of Landsat data. A conservative assumption is that the applications of Landsat data at least doubled the value of the land selected in comparison with the land not selected.

In addition, a report by Doyon, Ltd., the native corporation, notes that the mineralization analysis has been used to interest the mining industry in further exploration that can assist in additional land selections with the information developed by the mineral companies.

Besides mapping forests and possible mineral areas, the data has been used for—among other things—measuring crop acreages, mapping snow cover, detecting oil slicks, mapping urban and agricultural land use, detecting offshore dumping of sewage and industrial waste, monitoring the environmental effects of strip mining and locating potential earthquake zones.

Landsat-1 has been in operation since July 1972, and a sister spacecraft, Landsat-2, since January 1975. A third one is planned for launch by NASA next year.

## THE INDEPENDENT OIL MAN—A VANISHING BREED

### HON. DALE MILFORD

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

*Monday, April 12, 1976*

Mr. MILFORD. Mr. Speaker, the following speech by Mr. Lawrence E. Scott to the Corpus Christi, Tex., Landmen's Association recently came to my attention. Mr. Scott, the president and founder of Lawbar Petroleum, Inc., eloquently expresses many of the frustrations being experienced by this Nation's independent oil men. Using published facts and figures, Mr. Scott demonstrates the dramatic decrease of domestic petroleum production and the dangerous increase of our imports of foreign oil over the last 3 years.

Mr. Scott makes a few points, that reasonable men may disagree with, but no one can disagree with the importance of independent producers to our country's economy and national security. Neither can any person, knowledgeable in oil exploration and field development, disagree with the chaotic situation that has resulted from congressional passage of the Tax Reduction Act of 1975 and the Energy Policy and Conservation Act.

I would strongly urge all Members of Congress to study this speech. It provides a knowledgeable insight into the problems faced by independent oil men.

Remember, 80 percent of new oil discoveries are made by the independents. Stop them, and you stop exploration inside this Nation.

The speech follows:

ADDRESS BY LAWRENCE E. SCOTT

INTRODUCTION

As a result of my experience in the industry, I have become increasingly aware of the necessity of personal participation in the legislative and rule making processes of our State and Federal governments. It is imperative that each of you personally participate to a far greater extent than you have in the past in these legislative processes.

For twelve years, before I formed my company, I had the unique opportunity and privilege to work for, and be associated with, one of our great Americans and Independent oilmen—Edwin W. Pauley. To a great extent I owe what I am today to him. His sage advice and tutoring have been extremely helpful to me. It was Mr. Pauley's concept that every person should devote at least 25% to 30% of his time to public affairs using his own money in the process.

He taught me that you must assume that no one is going to do a job but yourself and if you don't personally try then don't blame Congress or the oil industry for bad laws or regulations. With this background I have watched oil legislation very closely and participated to whatever extent necessary to get our ideas across.

The Oil Daily of January 22, 1976 reported that the F.E.A. budget for fiscal 1976 is $7.9 billion and for 1977 $10.4 billion. Daily production in the United States is about 8.2 million barrels a day, or about 3 billion barrels a year. Therefore, the F.E.A. budget amounts to about $2.63 a barrel of domestic oil in 1976 and $3.46 per barrel in 1977. No doubt the budget will continue to increase at rapid rates. I predict it will be at the rate of $5 a barrel by 1978.

Today we are faced with the greatest attack on our free enterprise system in the last 200 years. Energy related industries are the first all out target of various groups who are well financed and helped by participants who have great dedication and superb intellect. We aren't dealing with a group of wildeyed idiots. Instead, we are dealing with highly educated groups of Ivy leaguers and others who have advanecd degrees in Economics, government, Law and Journalism and who are determined to change our system of free enterprise.

They truly believe that the Federal Government can do anything better than private industry or local Government. Call it Socialism, Communism, or nationalism—it all comes out the same—a destruction of our present form of government and the free enterprise system. Time is a lot shorter than any of us realize. For the last four years we have lived with an almost leaderless Congress and Executive branch of government. We have been functioning in a vacuum. At the same time, well organized left-wing groups have made their move. They almost took over control of the House of Representatives through the Democratic Caucus (Politiburo) headed by a Congressman who is hell-bent on wiping out the oil industry as present constituted. It is still open season on the oil industry.

Under these conditions, we saw the passage of the "Tax Reduction Act of 1975" which in my opinion is as hurtful as the Energy Act just passed and signed by the President. I will fully discuss the two Acts and the adoption of appropriate regulations to implement the Act. The regulations may be more important than the Acts. Invariably, the Agencies promulgating regulations attempts to "out-do" Congress. They effectively extend, change or modify new laws through "interpretations by Regulations." One only has to read the proposed regulations on the Depletion Allowance to quickly understand what is happening.

STATISTICS

The following statistics should be kept in mind as we discuss the Energy Bills enacted in 1975:

The Oil & Gas Journal reported the following United States estimated daily production for:

Oil production:

December 25, 1972, 9,532,000 barrels a day.
January 26, 1976, 8,194,000 barrels a day.
Decrease in 3 years of domestic daily production—1,338,000 barrels a day.

Crude imports:

December 25, 1972, 2,162,000 barrels a day.
January 26, 1976, 4,978,000 barrels a day.
Increase in three years of imports—2,816,000 barrels a day.

In considering our problems please keep in mind the additional facts:

(a) 84% of the total daily oil production in Texas is owned or controlled by 22 major oil companies and 6 independents. Texas produces over 3.2 million barrels of oil a day which is over 40% of the total production of the U.S. yet there are 5,256 operators in Texas.

(b) Approximately 65% of the total natural gas production of Texas is owned or controlled by 30 major oil companies or natural gas companies and five independent producers.

(c) The U.S. has over 325,000 "stripper oil wells" which produce approximately 1,100,000 barrels a day of oil which constitutes approximately 13% of the total production of the United States.

Roll back of the price of oil produced from "stripper wells" will cause the premature abandonment of thousands of wells in the United States. Once these wells are abandoned, those reserves will be lost forever, since no one (not even the U.S. Government) can afford to drill and complete new wells at present day drilling costs to recover reserves from almost depleted reservoirs.

(d) Approximately 79% of the total daily oil production of California is owned or controlled by 15 major oil companies and two railroads.

(e) California has 20,200 stripper oil wells, which produce an average of 8.6 barrels a day for an estimated 183,000 barrels a day, which is 22% of the total daily production of 830,000 barrels a day in California.

(f) Independent oil and gas producers discover and develop over 80% of all new oil and gas reserves presently found in the U.S.

Roll back of the Independent's price of oil by 14% to 20% will force a great number of Independents to sell out to the majors or even worse, cease their exploration and development work. What would happen if Congress or the U.S. government has its gross funds cut by 14% to 20%? How long could they function?

The Tax Reduction Act of 1975 is grossly misleading. Everyone is led to believe that the Independent Producer has a depletion allowance under all circumstances. This is not true. When construed with the proposed regulations the depletion allowance is reduced to practically nothing for future wells except perhaps for the first well on a wildcat block. You lose depletion if you buy "proven properties" after December 31, 1974. You lose statutory depletion on "secondary and tertiary" production if the secondary processes are done "early in the productive life of the mineral property."

We are told that we can take "cost depletion" until we get our money back. We already have our "money back." No operator has to purchase production or drill wells. We can put our money in our pockets or not borrow it from a bank and say "forget it." Money used to purchase properties is "hard"—after-tax dollars, or borrowed funds.

Every dollar spent by an Operator or Participant in the drilling of any well has a substantial amount of "hard" after-tax dollars involved, even if the well is a dry hole or worse—a noncommercial or marginal well. The statute defines proven properties as "if at the time of the transfer the principal value has been demonstrated by prospecting or exploration or discovery work" (see page 36 of the Act).

The statute also provides that if a taxpayer has secondary or tertiary production this paragraph of the Act shall be applied separately (under regulations prescribed by the Secretary or his delegate). This is the total authority used by the I.R.S. to promulgate these onerous rules (see page 35 of the Statute).

The Act also requires operator to keep records which break down primary and secondary production. We estimate that keeping and reporting these records will cost between $12,500 and $25,000 a year, if nothing is challenged. If we go into an adversary situation the cost could be many times greater.

After the Act was signed into law, the I.R.S. promulgated proposed regulations and the following are some of our comments. You can readily see how an agency can decide to go much farther than Congress under the guise of regulations. Let's look at just a few items.

(1) The regulations are vague, confusing, uncertain and indefinite, and obviously were prepared by parties who know little or nothing about the industry or the conditions which they are attempting to regulate. The regulations are punitive wherever possible. It is obvious that any interpretation of the Tax Reduction Act of 1975 is or will be made against the Independent Producers.

(2) Secondary and Tertiary Recovery: It is the obvious intent of Congress to encourage production of oil and gas through the use of secondary and tertiary methods. Congress did not decrease the depletion allowance for 10 years in order to encourage such production, which is extremely expensive and which has a very high risk of failing or being partially successful. A great amount of our future reserves will come from secondary production which is usually undertaken on marginal or tight reservoirs by Independents. We refer to the following regulations which provides ". . . by injection of liquids or gases into the reservoir except that no process which must be introduced early in the productive life of the mineral property in order to be reasonably effective (such as cycling of gas in the case of a gas condensate well), is a secondary process." (See fuel regulation)

This regulation will greatly restrict the use of such methods and will cause Operators to use poor engineering practices and incur additional cost by delaying the commencement of secondary processes in order to insure that an Operator gets his depletion allowance. The restriction should be stricken from the regulation.

The following questions arise: (a) At what point of time in the life of a well may one commence secondary recovery and be entitled to the depletion allowance? (b) Who determines how and when a secondary process should be undertaken? (c) Must one wait until the well goes dead and the reservoir has suffered possible irreparable damage before an Operator may commence secondary operations and not lose his depletion allowance? Ninety percent of the wells to be drilled by us and most Independents will require early application of secondary methods of similar types if the well is to be commercial. (d) How long does an Operator have to wait? It must be spelled out since the economics of these type of depletion allowance or a comparable additional increase of approximately 40% over the present price of $12 a barrel for new low gravity crude. (e) Will the Operator have to go through adversary proceedings with the I.R.S. at incredible expenditures of time and money in order to make this determination? (f) What kind of records do you need to prove your point?

It is our opinion that the regulations as written are an illegal use of quasi-legislative power on the part of the I.R.S. to legislate additional limitations on the claiming of the depletion allowance from secondary recovery production. Since restrictions were never intended by Congress.

(3) Transfer of proven properties: The regulations create more confusion than they clear up. It is our interpretation of the statute and the proposed regulations that a transfer of title to properties pursuant to a

farmout or joint venture agreement which results in a producer or producers, will not be a transfer under the meaning of the act since the document transferring such interest is merely carrying out the terms of an earlier agreement which vested a property right or the interest prior to the time that the well became productive. This comment also applies to the situation where an interest in a well or leases reverts to a farmoutor, partners or joint venturers under an earlier agreement concerning payout of wells or drilling of non-consent wells by less than all parties.

Practically every agreement involving more than one participant in a well has provisions concerning these situations. Many times these situations arise when there is a disagreement over the geology or economics of drilling a well. It is in the National interest that these types of wells be drilled since they result in the discovery of new reserves of oil and gas. The regulation must be made much clearer than this.

The example used in the preamble of the regulation of a person transferring an interest in a proven property to his partnership would not be construed as a transfer under the Act. We interpret this to mean that a partner or joint venturer may transfer properties to a partnership or back to partnership or corporation if he owns an equal or lesser interest without it being considered as a transfer under the terms of this Act. This must be cleared up or we'll see years of indecision and expense. All of our balance sheets will be hurt by having to set up reserves for potential tax liabilities.

The definition of "proven properties" in the preamble seems to be contrary to the definition in the proposed regulations and Act. Are the definitions cumulative or just confusing? They define proven properties as being (a) 50% or more of fair market value. At what time? Whose evaluation? It is a 100% hindsight rule to be applied after the fact? I know of no one who buys proven properties and expects to recover only 50% of the purchase price over the life of a field. What is fair market value? At what period of time? What discount rate is to be used to determine present worth? What percentage is to be used to determine fair market value of present worth?

Reference is also made to the Act and to the other regulations which define proven properties (b) "if its principal value has been demonstrated by prospecting, exploration or discovery work." (c) At another place in the regulations it provides that such prospecting, exploration and discovery work *indicates* that the property will have gross income from such deposits sufficient to justify development of the property. (d) It also provides that "each deposit (whatever that means) is a separate property." (e) In the same section it provides the term "prospecting, exploration, or discovery work" includes activities which produce information relating to location, existence, extent or quality of any deposit of oil or gas, such as seismograph surveys and the drilling of wells (whether for exploration or for the production of oil or gas)."

How do you keep from losing your depletion allowance in an "in-house" transfer?

This must be made crystal clear in the regulations since very few wells are drilled by Independents where there aren't partners or joint venturers.

If one uses logs from dry holes, depleted or producing wells in the area are they considered exploration or development wells under the regulations?

(A) If the wells were drilled 5, 10, 15, 20 or 30 years ago? If drilled to different horizons, depths etc? Exploration geologists are like doctors practicing diagnostic medicine. Ten geologists may interpret an area as condemned and the 11th one may have a different interpretation which results in the drilling of a well that is productive.

(B) No responsible operator will drill a well unless he has a seismic interpretation or a subsurface geoogic interpretation indicating in his opinion, that a drillable prospect exists.

The risk of finding oil on the geologic prospect may be a 25 to 1 or 2 to 1 risk. The fact that there is oil and gas production in an area doesn't mean it will be under any specific parcel. These regulations are stretching the terms of the Act. These regulations apply a 100% hindsight rule—if the well is dry it is not a proven property and if the well is productive it will be considered "proven" under one or more of the numerous definitions of proven properties. Hopefully, an operator will have a geologic or seismic map and will obviously assume that if he secures production he can get his money back and justify the development of the property. These assumptions are made regardless of whether or not it is a high risk wildcat or a low risk venture. We believe the imposition of these conditions far exceed the intent of Congress, the provisions of the Act and are illegal.

(C) The regulation also states that each deposit is a separate property. We interpret this to mean that if a property is productive from the San Migual formation at 5,000 feet, then all other non-producing zones on the property would be considered "not proven" under the regulations. This obviously should be the case. A large majority of all new reserves are going to be found around, over or under old productive areas. It may cost an Operator a large sum of money to drill walls to other zones or to use secondary recovery processes which are necessary to recover the oil and gas from marginal or depleted zones. There are very few places in the U.S. where old wells have not been drilled. They are used by geologists and seimologists in their interpretations for new prospects.

(D) We interpret the Act, as well as the proposed regulations, to permit an Operator to take depletion allowance on proven properties if the production results from secondary or tertiary processes. Secondary production is treated separately in defining "average daily production" in the Act.

A simple regulation that states "depletion allowance shall be allowed on secondary or tertiary production from proven properties". Such directness and clarity is ordinarily frowned on in governmental regulations, but believe an exception can be made on such an important point.

Cost of complying with the regulations: Our auditors have advised us that the cost of just keeping the records and books required by these regulations will cost us between $12,000 and $25,000 a year, provided that we don't get involved in any contested problems or adversary proceedings requiring the use of lawyers, geologic and engineering consultants and use of auditing and accounting firms necessary to support our position. These costs must ultimately be borne by the consumer through higher prices. If the cost can't be passed on to them, then the wells will have to be prematurely plugged and abandoned or not drilled at all.

The President has the authority to restrict export of crude and supplies. The Secretary of the Interior may determine the MER of a field in which federal acreage is unitized if it has not been so determined. This includes private and state lands. Each of you had better watch this provision since it is the first inroads on the Railroads Commissions and Conservation Departments of the oil States.

The Energy Policy and Conservation Act, known as Public Law 94-163, effective December 22, 1975 was heralded as "an Act to increase domestic supplies, etc." It does exactly the opposite in so far as oil production is concerned. The bill attempts to legislate a solution of energy supplies for everything in the U.S. Such as:

1. Coal supplies and conversion to gas.
2. Strategic petroleum reserves of 1 billion barrels.
3. Standby Energy Authority.
4. International energy programs.
5. Improved energy efficiency: Automobiles, energy conservation, State energy conservation, industrial energy conservation, other Federal energy conservation measures.
6. Petroleum pricing policy; allocation and entitlements.
7. General—Every data and information and Congressional review.

The bill is 99 pages of small print. I doubt if anyone understands the whole bill.

The bill is a bad bill—poorly written and attempts to legislate too many matters at one time.

Members of Congress readily admit it is a bad bill—but better than nothing. They decided to get something enacted. Unfortunately, the Independent Producers are caught in the middle and will be the ones who suffer the most. The best job done by any group was by the Independent Refiners Association. They were freed from buying entitlements, had a restriction on profits removed and had the price of oil rolled back at the expense of Independent Producers. It shows what a group of Independents can do when representing one phase of the Industry and zeroing in on a few critical problems. Rolling back the price of new and stripper oil will ultimately be their undoing because their source of supply will be greatly reduced in a very few years. Let's take a look at a few of the critical provisions of the bill as they affect Independent Producers.

Strategic Petroleum Reserves provides for up to 1 billion barrels of oil in storage with at least 150 million barrels in storage by December 22, 1978. This is an extremely complicated statute with potential disastrous pitfalls. It vests authority directly in the F.E.A. administration (not the President) to accomplish the purposes of the Act. I believe it will take an investment of 22 billion dollars to implement this program. Who is going to pay for it? Each refiner or importer may be required to acquire, store and maintain inventories up to 3% of it's annual thru-put and it may be cumulative. This means that a refiner who processes 10,000 barrels a day of crude could be required to store 109,000 barrels of oil. Assuming the oil cost $12 per barrel and storage construction cost $10 per barrel, it would require an initial investment of about $2.2 million dollars. This requirement could break many refineries.

The F.E.A. has total authority to set terms and conditions for removal of the inventory. Does the F.E.A. have power to force you to sell at a loss, etc.? I think he can do as he pleases. If not properly handled, we have the ingredients for scandals that will make Watergate look like a Sunday School party. F.E.A. may exempt certain refiners from all or a portion of this obligation.

On April 15, 1977 (a new presidential term) the President may submit to Congress a plan to exclude from the price determination formula 2 million barrels a day of crude from the North Slope and set a price of not more than the highest price paid for significant volumes of any type of crude under control. This might help us get a higher price for at least one type of oil—but don't count on it. The price will only go up if the majors who own the oil want to sell it to third parties instead of refining or exchanging it for their own account.

One of the most troublesome provisions of the Act is the Energy Data Information section. Here is what it does:

1. It requires the S.E.C. to formulate new accounting rules to be followed by "Persons engaged in whole or in part in the production of oil and gas in the U.S." These practices must assume development of data on capital, revenue, operating costs of prospecting, acquisition, exploration, development and production, including geological, geophysical, coming cost, etc.

You must make a full presentation of financial information, including disclosure of reserves and operating activities. Any information may be given to a Committee of Congress on a now confidential basis. These provisions are drastic and could cost Independents a great amount of money annually. It applies to everyone whether operating as an individual partnership or corporation.

2. The F.E.A. shall require you to keep and report to them all data developed under the S.E.C. accounting rules.

3. This data requirement is to expire on December 31, 1979. You may rest assured that it will be extended by Congress.

4. If you violate any portion of the Energy Act you are subject to $5,000 to $10,000 fine per violation. The fine can even be larger under certain conditions.

5. The Comptroller General (God knows how he got into the Act) may conduct verification examinations of all data. They shall file their report to the Federal agency involved. They have complete subpoena power. If you appeal his action, you must do it in a Washington, D.C. Federal court.

The Act goes into incredible detail until it gets to the oil pricing. To give you an example of how absurd the detail can get let's look at Page 63, Section 362(c)(5) which requires States to permit right turn on a red light after stopping. I hope it is not a one way street going left. This is a condition precedent to the States getting Federal money for their Conservation Programs.

Now to the oil pricing provision: It provides: "that the resulting actual weighted average first sale price for all such crude oil during such calendar month and each of the 39 months thereafter shall not exceed a maximum of $7.66 per barrel (hereinafter referred to in this section as the "Maximum weighted average first sale price"), except as may be adjusted pursuant to this section". Prices may be increased up to 3% annually as a production incentive and up to 10% a year to be taken into account the impact of inflation. The President may decontrol some prices, unless overruled by either House of Congress—a veto in reverse.

Prices to be adjusted to provide positive incentives for developing offshore oil, wildcat property, enhance recovery techniques and sustain production from marginal wells including stripper wells. As you can readily see (members of the industry will never know what price we will receive for oil for any length of time) financial planning will be extremely difficult. We will be at the total mercy of the Administration in power at the time. We could well wake up some morning and find our price of all oil being $7.66 a barrel. The political pressures will be incredible. What will happen if we have a change of Administration in January? We have already seen some large majors coming out for a one price system which now would have to be $7.66 per barrel.

It boils down as to whether you are producing new or old oil, or refining new or old oil in determining your position on the question. The independent producer who sells at the wellhead is the real loser. We have already cut from $1.50 to over $2.00 a barrel effective February 1, 1976. The majors or integrated companies can and do trade and exchange oil. It really doesn't make much difference to them as long as they make a profit at the pumps. The real losers are independents, and and royalty owners and local taxing agencies. Each segment of the industry will be "jockeying" for better prices at the expense of others.

If these provisions are enforced against independents each of us may be required to spend thousands of dollars annually to make costly reports of reserves, etc. It is an awesome problem for all of us. It is imperative that the regulations promulgated by each agency having jurisdiction under the Act be carefully reviewed. They could drastically affect you, your money and your ability to stay in business. Carelessly prepared reports to any of these agencies could subject you to civil and criminal penalties.

It is my feeling that the regulations can be far more devastating than the Act. Bureaucrats have a great way of writing complicated rules which "lock in" their jobs and existence forever at your expense.

Where do we go from here?

(1) It is my strong feeling that we will have federal price and production controls from now on. We are headed for a knockdown, drag-out fight between the States and the Federal government on basic constitutional issues. The United States will make an all-out effort to destroy any vestiges of States' rights over the next five years—or certainly by 1984. Only the people can stop it. The liberals will attempt to further negate and discredit the oil industry and neutralize the trade associations (if that's possible). How can you go below a "O" rating in public opinion?

(2) It is my opinion that the large international oil companies will be forced to move their headquarters overseas and set up publicly-owned U.S. companies whose only assets will be U.S. properties. This will be done because foreign governments where these companies own properties and do business, will not put up with what's been going on in the United States over the past four years.

(3) We will then see many large U.S. oil companies seeking some form of public utility status in order to secure a guaranteed return on their investments and risks. This will be a necessity once the foreign profits are distributed overseas to stockholders.

(4) Independent producers will be forced very soon to divorce themselves from integrated oil companies. The ones of us that sell at the wellhead and who really take the inordinate risks must be treated differently and separately from the rest of the industry. We can no longer afford to be treated as "one group" and have our profits "traded" off for other benefits such as elimination of "entitlements."

(5) There is a better than 50–50 chance that major energy companies will be broken up both vertically and horizontally by the U.S. in the very near future. We see an effort being made to force all large U.S. companies to be re-incorporated under Federal charters with each company being forced to have "public members" and "labor members" on their Boards of Directors. This will be the first step towards nationalizing American industries and will be the first all out effort to reduce the rights of States to set up corporations under State laws.

(6) The Depletion Allowance for Independents must be restored and restored quickly. Intangibles must be preserved and expanded to include surface, protection and production pipe that cannot be recovered when the well is abandoned. We face a 50–50 chance of losing Intangible Deduction on new investment money in 1976. If this bill comes every independent oil operator, geologist, broker, supplier, contractor, etc., must take what time and spend whatever sums are necessary to defeat the Bill—otherwise 50% to 90% of the Independents will be out of business.

(7) New Independents' groups must be formed or re-vamped. Organizations such as yours must establish study groups or action groups that review carefully every piece of meaningful legislation and proposed regulations and take independent action to see that every member of Congress is made aware of the true facts and APL should set up lobbying offices in Washington. If your car or furnace broke down, you wouldn't hesitate very long to spend whatever money that was necessary to put it in order. Yet, are you willing to spend $250 to help make a presentation to Congress or gather indisputable facts to support your position and ultimately save your job and career? Mere arm waving and screaming foul won't do the job. Remember—bad facts make bad laws. The only people that can do the job is each of you. Each person must put in many hours of study, writing and spend money to see that it is properly and effectively done. Over the last three years I've been told many times when discussing this matter with others that "I don't have the time," "I don't have the money," "Let the I.P.A.A. or TIPRO do the job." This just won't get it in the future. "How can you afford to do it?" My answer is I cannot afford not to do it.

Members of Congress pay far more attention than anyone realizes to their mail, small contributions from the rank and file, and particularly to those individuals who come to Washington and present a well-though out interpretation to members of Congress individually or to Congressional committees. We must spend much more time with our opposition in Congress and legislatures. Over the last three months I have visited at length with several members of the Congress who voted against the oil industry in these bills. To the man, they thought the depletion allowance had been preserved for Independents. Many didn't realize what they had voted for. No one had laid it out in language that they could understand. We must stop talking to ourselves since Corporate or Industry Incest has never been very productive.

Members of Congress want and must have "facts." When we take on the Ralph Nader or Common Cause groups we must have done our homework. Poorly developed presentations or facts can be disastrous. We are the "Defendants" in an adversary proceeding, where we are guilty per se, and the burden of proof is squarely on our shoulders. We can't to it at cocktail parties or with the same old cliches. The record must be made before Congressional Committees to overwhelmingly support our position.

The more people or groups who help make such a record, the better.

We should hold Oil Shows in Washington, D.C., instead of Tulsa or Houston. Why don't we rig up several oil rigs in Washington so the people who oppose us can see what's involved in drilling oil and gas wells.

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## DAY CARE VETO: PRESIDENTIAL BLUNDER

### HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Monday, April 12, 1976*

Mr. RANGEL. Mr. Speaker, President Ford's veto of H.R. 9803 is a reprehensible action which was taken without fully considering the needs of the people in this country.

H.R. 9803 would have provided additional funds for the Nation's day care centers in order to meet new Health, Education and Welfare staffing, health, and safety standards. These standards were adopted to ensure that the youngsters who attend day care centers receive adequate and sound care.

By vetoing this important piece of legislation, President Ford demonstrated his lack of compassion for the working people and clearly indicated that he is not responsive to their most urgent and pressing needs.

When Congress reconsiders this measure after the Easter recess, I sincerely hope that my colleagues will reaffirm

their commitment to the Nation's day care centers. After the House approved H.R. 9803 by a wide margin, I am hopeful that enough votes will be secured to override Mr. Ford's unwise and ill-conceived veto. At a time when the unemployment and welfare rolls are expanding at a rapid pace, we can certainly not afford to pass up an opportunity to provide the working poor with a chance to be self-supporting. The Congress must not succumb to the President's attempt to penalize the working poor of this Nation as he attempts to appease the conservative elements in his party.

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## ENERGY POLICY AND NATIONAL ECONOMIC PLANNING

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### HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Monday, April 12, 1976*

Mr. BROWN of California. Mr. Speaker, I recently read excerpts from a speech that was given to the American Petroleum Institute's North American energy panel by Thornton F. Bradshaw, who is president of the Atlantic Richfield Oil Co., on the subject of economic planning. I must admit that I was pleasantly surprised to read these remarks, which I am sure will be considered by many in the oil industry as disloyal to their position. Mr. Bradshaw ties the need for economic planning by the Federal Government to the energy crisis, where he believes that both the oil industry and the Government have failed to properly deal with energy policy.

The Los Angeles Times, which published these remarks, wrote an editorial about them which pointed out that—

> One reason debates about national economic planning tend to become heated is that planning means vastly different things to different people.

Mr. Bradshaw pointed out one reason why the Government must become involved in planning:

> It is not that the government is somehow smarter than private entrepreneurs or superior in a philosophical sense. But the government *is* obliged to give the country long-range directives and is positioned to do so. Business is not.

The Congress has demonstrated increased interest in this issue. The Humphrey-Hawkins full employment bill contains elements of long-range planning, as does the Humphrey-Javits bill. The Subcommittee on Environment and the Atmosphere of the Committee on Science and Technology, and the Subcommittee on Fisheries and Wildlife Conservation and the Environment of the Merchant Marine and Fisheries Committee will shortly be receiving a substantial report from the Congressional Research Service of the Library of Congress on the subject of long-range planning. And other committees, such as the Interstate and Foreign Commerce Committee and the Technology Assessment Board are also looking into this general area.

At this time I would like to insert into the RECORD the article from the Los Angeles Times and the editorial which appeared at the same time:

[From the Los Angeles Times, Apr. 9, 1976]

ARCO CHIEF URGES U.S. ECONOMIC PLANNING—BRADSHAW SAYS IT IS "THE ONLY WAY WE CAN SAVE THE ENTERPRISE SYSTEM"

(By Thornton F. Bradshaw)

Certain words can be perfectly ordinary and yet completely out of place, depending on the circumstances. I would take care not to mention "tape recording," for example, to any of our living ex-Presidents, should we happen to meet, nor should one breathe the phrase "budget surplus" to Abe Beame.

For the energy industry, I suppose, the word *non grata* is "planning," particularly the government variety. Yet circumstances now compel me to believe that government, particularly the federal government, must be an increasingly large factor in the energy business in the years ahead. In my view, government-industry interaction is absolutely necessary not only to solve the energy problems we face but also to preserve the vitality of the free market itself.

The question that faces America today is not whether we will have a mixed economy, a blending of public and private initiative, but what kind of mix it should be.

I am not asking for more government involvement in business per se. What I am suggesting is that the enterprise system cannot function properly without the right *kind* of government intervention, at the right time and in the right degree. For example, after two years of watching the largely ineffectual efforts of government to deal with the energy issue, it is clear to me that the country needs goals for energy planning on a national scale. And since energy pervades the economy, I think that by extension we need some kind of national economic planning as well.

This need is not apparent to most businessmen, who tend to regard the idea of a limited amount of national economic planning as equivalent to being a little bit pregnant.

Indeed, opponents of centralized planning point to well-documented failures of national economic schemes in the Soviet Union and Great Britain. These arguments are not without merit. At home, the situation in New York gives pause to planners who are forced to recognize that frantic expansion of public expenditures, combined with avant-garde forms of business regulation, have driven municipal and state budgets deeply into the red.

There is ample reason, surely, to be concerned about the concept of national economic planning. Substituting the planning mechanism for the working of the market does inject the political process deeply into matters that have traditionally been decided by consumers. And yet national planning of a not very satisfactory kind is *already* a reality in this country—atomized, fragmented, uncoordinated and at times unworkable.

The question is, can a much better system of national planning be developed? And, of greatest importance, how can business help design a flexible compromise between socialism and the elaissz-faire indulgences of the past?

The issue is especially relevant to the energy industry because it happens to be at the cutting edge of the effort to shape our mixed economy for the decades ahead. Petroleum is really a test case: It is the first competitive industry to face the possibility of permanent price and investment control in times other than war. The fate of our industry, good or bad, could well point the way for the rest of our enterprise system.

The starting place is the establishment of national goods. For example, how dependent on foreign oil should the United States be in 1985? We have been importing 6 million to 7 million barrels of oil a day and, for a period last month, we were actually importing more than we were producing.

We still have time to correct the draft toward dependence if the federal government establishes a clear-cut goal for the petroleum industry to pursue and then creates a business environment in which its achievement is possible. That is exactly what I am asking the government to do—to stipulate that by 1985 the United States should be no more than, say, 25% dependent on outside energy sources, and to establish policies consistent with such a goal.

Once that goal is established, the industry can start to adjust its pattern on investment and development to meet it. It is not that the government is somehow smarter than private entrepreneurs or superior in a philosophical sense. But the government *is* obliged to give the country long-range directives and is positioned to do so. Business is not.

Under the broad goal of energy independence, as defined and mandated by the government, would be a series of *subgoals* for restraining consumption and increasing supplies of oil, gas, coal and nuclear power.

Conservation is another area which apparently cannot be left to the market alone. Restraining demand requires a national set of standards. The 55-m.p.h. limit is a start. But we also need mandated gas mileage for cars, a graduated tax on horsepower, and subsidies to help homeowners insulate their houses. (Steps of this kind are included in last year's Energy Policy and Conservation Act.)

Government involvement is also essential in seeking future fuels. The problem here is that there is no way that our industry can anticipate energy requirements 30 or 40 years from now. And even if we were able to look that far into the future, our capital resources are completely inadequate to finance the massive research program that would be required.

What I am suggesting is not an abdication of the enterprise system to government but a redesign of the public-private working relationship to take into account demands on our economic system which, historically, we have not had to cope with. None of the actions I propose would interfere with the one essential freedom of the marketplace whose preservation is key to its survival and vitality. I refer, of course, to freedom of pricing—an area in which government interference always has been, and always will be, totally counterproductive.

Indeed, it could hardly be otherwise. Price controls twist and subvert the market, making it virtually impossible to meet normal economic goals. Investment capital simply cannot be raised by the enterprise system if the price is set by political forces. In the case of oil and gas, price control means that a politically determined price would be inevitable.

My hope is that political myopia will disappear after the election and we can begin to face our problems in a less antagonistic and more constructive mood. Only a cooperative program of long-term national planning for energy can save the enterprise system. This raises a final question: Should it be saved?

Yes, because the market economy is the most democratic instrument for human material progress yet invented. If planning can improve economic conditions, I'm for it. But any centralized planning scheme that would contrive to limit the individual citizen's right to buy or to sell would fatally compromise the economic vigor of this country.

I also want to see it survive because relatively autonomous business enterprise is an important check on the power of government. In fact, when you get right down to it, the latter argument may be more important to the long-range interests of democracy than the first.

As Time magazine recently noted, "There is no alternative to capitalism that credibly promises both wealth and liberty." A valua-

ble thought, I would say, for our Bicentennial year.

[From the Los Angeles Times, Apr. 9, 1976]

PLANNING AS AN ECONOMIC TOOL

One reason debates about national economic planning tend to become heated is that planning means vastly different things to different people.

Thornton F. Bradshaw, president of Atlantic Richfield Co., tells on the opposite page why he favors certain specific kinds of planning to help solve the nation's energy problems and to stabilize economic growth. We don't agree with all of Bradshaw's views, but we welcome the fact that a thoughtful corporate leader favors improving the planning tools on which, even now, this country substantially depends.

Bradshaw's statements demonstrate that closer cooperation and consultation between business and government, and more planning, do not have to mean the demise of the private sector or the end of the market mechanism's promise of free choice.

Keynesian economic policy techniques, the refinement of Federal Reserve management of the money supply and the Lockheed loan guarantee—along with federal tax incentives for corporations that expand their plants—have erased any illusion that unfettered buyers and sellers must control the market in order for individual liberty to survive.

Many kinds of economic planning are clearly not for this country: the Russian form of state economic direction by a hierarchy of powerful planners; the French approach to "indicative planning" for each sector of the economy, which achieved little accuracy or success; the Japanese custom of close interdependence between the government and that nation's handful of huge corporate combines.

Yet America can still benefit from the right kind of planning. Consider energy, where the United States remains short of supplies and needs a method to allocate what it has. The nation also needs a coherent plan for reducing dependence on foreign producers and spurring development of alternative energy systems. All these plans require data-gathering, analysis and the shaping of a consensus.

The broader economic sphere begs equally for several sorts of planning. The federal government should have better statistical information on how the economy's various pieces function, how they fit together, how they affect one another. Congress and the executive branch should be forced to look further ahead when they formulate economic policies. This could help reduce the cycles of boom and recession that whipsaw the economy.

Even this benign type of planning may involve sacrifices of choice. Using a swimming-pool heater or a monstrous automobile may not always be acceptable as a more coherent energy plan develops within new national economic policies.

As Bradshaw observes, however, given the magnitude and complexity of America's economic and energy problems, the nation cannot afford not to pursue the proper kind of planning.

## FINANCIAL STATEMENT

### HON. JOHN BRADEMAS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

*Monday, April 12, 1976*

Mr. BRADEMAS. Mr. Speaker, I include at this point in the RECORD my personal financial statement updated to April 9, 1976:

*Financial statement of Congressman John Brademas, April 9, 1976*

| | |
|---|---|
| ASSETS | |
| Securities: 50 shares General Motors common stock (market value, April 9, 1976) | $3,381.25 |
| Realty: 3225 Reservoir Street, N.W., Washington, D.C. (assessed value, 1976) | 101,000.00 |
| Savings and checking accounts | 23,705.67 |
| Automobiles: | |
| (a) 1976 Chevrolet Nova | 4,000.00 |
| (b) 1971 Chevrolet Malibu | 1,500.00 |
| Equity in Federal retirement fund (approximate) | 35,425.00 |
| Total assets | 191,011.92 |
| LIABILITIES | |
| Mortgage on 3225 Reservoir Street, Washington, D.C. (principal outstanding) | 62,813.36 |
| Total liabilities | 62,813.36 |
| NET WORTH | 128,198.56 |
| TAX INFORMATION | |
| Adjusted gross income (1975) | 46,438.50 |
| Federal income tax (1975) | 8,048.44 |
| Indiana income tax (1975) | 952.71 |

## SUFFOLK COUNTY RESOLUTION ON THE PROBLEMS IN IRELAND

### HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Monday, April 12, 1976*

Mr. DOWNEY of New York. Mr. Speaker, violence and destruction continue to plague the Irish people. The American people have watched the developments in Ireland with a blend of sympathy, distress, and frustration. In my home county of Suffolk in New York there are many people of Irish extraction who have chosen to speak out in the form of a resolution passed by the Suffolk County legislature. I include the text of the resolution below:

RESOLUTION No. 173-1976, CALLING FOR A PEACEFUL SOLUTION TO THE PROBLEMS IN IRELAND

Whereas, there are hundreds of thousands of citizens of Suffolk County of Irish lineage, and

Whereas, these citizens are aggrieved by the troubles in Ireland, and

Whereas, one of the sources of the present difficulties stems from the presence of the British army in Ireland, and

Whereas, historically, occupation armies have caused havoc in the occupied country, and

Whereas, the problems in Ireland cannot be considered until the occupational British Army is removed, and

Whereas, the majority of the English people agree that the troops should be removed from Ireland; now, therefore, be it

Resolved, that the Legislature of the County of Suffolk recommends that the British Government declare an intent for the removal of their army from Ireland, that is, the British Government set a timetable for the removal of the British Army from Ireland; and be it further

Resolved, that the Legislature of the County of Suffolk recommends that the British Army in Ireland be replaced by a United Nations Peace-Keeping Police Force; and be it further

Resolved, that a committee of the Congress of the United States of America be formed to help find a permanent solution to the trouble in Ireland; and be it further

Resolved, that copies of this resolution be forwarded to President Ford, Congressmen Ambro, Pike, Downey, Governor Carey, former governor of Georgia Jimmy Carter, Senators Javits, Buckley, Jackson, Bayh, Udall, Harris, Humphrey, Kennedy, and the British Consulate.

## THREE-PRONGED ATTACK ON SICKNESS

### HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

*Monday, April 12, 1976*

Mr. LONG of Maryland. Mr. Speaker, any proposal for a national health insurance system inevitably encounters the problem presented by our inefficient and overly expensive health care system.

In eastern Baltimore County, Md., a unique experiment is underway, combining health services career training with comprehensive family health care. A report in the March 15, 1976, Baltimore Sun describes in detail the hope this program offers for revamping delivery of health care. The program is operated by the Health and Education Council and headquartered at the Eastern Regional Health Center of Baltimore County.

I am pleased to share with my colleagues the news of this health care development:

THREE-PRONGED ATTACK ON SICKNESS

(By Gerri Kobren)

There isn't anything particularly new about women's cancer screening clinics, or about offers of free hypertension and gonorrhea testing. What is exciting about the program beginning February 23 at Baltimore county's Eastern Regional Health Center on Franklin Square drive—and continuing every Monday morning and Tuesday afternoon through April 27—is not what's going on, but who is doing it.

With students in the allied health career programs at Essex Community College doing the actual examinations and tests and patients with abnormal findings being referred to physicians at Franklin Square Hospital, this attempt to provide primary medical care to the community is being coordinated, publicized and budgeted by the 2½-year-old Health and Education Council, with funds filtered from the federal government through the state and county.

This is the kind of things for which the council was created in 1973 by the three participating institutions: the hospital, the college and the county health department. David Sapadin, director of HEC admits such consortiums aren't new in the health field; this one, he claims, is unusual because it integrates the staff, facilities and programs of three separate institutions which share a campus, its board of directors includes the two top executives of each of the participating units, and the thrust is multiphasic. Health care delivery is only part of it. Council efforts are directed at career, consumer and continuing education as well.

GREW FROM INFORMAL LIAISON

The Health and Education Council grew out of a less formal liaison between hospital, college and health department in the talking stage since the late Fifties. The two-year college, operating from scattered rooms and trailers, but planning a building complex in

this part of eastern Baltimore county, approached the hospital with the suggestion of a cooperative venture; hospital and school brought the health department into it.

"Everyone said it couldn't be done," recalls Sanford Kotzen, executive director of the hospital.

Yet according to Dr. Vernon Wanty, president of the college, this integration of public and private resources is entirely logical: "We have a common goal—to serve the public."

And apparently it has been working. Essex provides career-oriented curricula in a variety of medical subjects, graduating nurses, physicians' assistants, dental hygienists, mental health associates, laboratory, X-ray and nuclear medicine technicians with the kind of clinical experiences an isolated community college could not provide. The chiefs of every medical service represented in the hospital also serve on the school's faculty.

Franklin Square, an easy walk from the school's buildings, benefits from the free labor of the students, who work in the hospital on an education "practicum," and form the pool of new graduates in medical back-up professions. The school's physical facilities—its auditoriums, classrooms, audio-visual equipment and extensive food-service capability—are also available to the hospital, which saves an enormous amount of money by not having to pay for its own.

Moreover, while the Essex students are rotating through the hospital, hospital residents are gaining community experience in the clinics at the nearby health department. The health department, in turn, has the services of the young doctors and the Essex students and can call on the established physicians at the hospital and the instructors at the college when outside expertise is needed.

With the council coordinating and integrating the services, programs and projects, the three institutions hope to do all these things more efficiently, cutting out duplication and mounting quick responses to the needs of this particular area, which has the fastest growing population in Baltimore county along with one of the lowest physician-patient ratios in the state.

The establishment of the council has brought another benefit to its constituent organizations: money. Each of the three contributes to HEC's support, providing the kind of permanent, reliable "seed money" that attracts outside financing. There has been a large financial return to the three on a relatively small investment by each, said Dr. Donald Roop, director of the Eastern Health Center.

The most recent, and the largest, is a three-year grant of $401,154 awarded by the W. K. Kellogg Foundation, of Battle Creek, Mich., for the development of programs of continuing education for health workers at all levels. This grant would not have been made to any of the institutions alone, Mr. Kotzen said. Staff is being recruited; courses will be offered, by and for doctors and for holders of the two-year associate degree, starting this summer.

Also geared to continuing education for health workers is a phone-in project developed with $14,180 from the American Lung Association. Using the college's dial-access system, registrants can call at any time of the day or night for a 15-minute taped lecture on occupational lung disease, 2 a week for 10 weeks. Those who listen to all 20, in their own homes and at their own most convenient times, and answer the accompanying questions will earn a credit in fulfillment of continuing education requirements.

FOCUSES ON PRIMARY CARE

Approaching the Kellogg grant in size, but focusing directly on delivery of primary care, is a three-year grant of $261,503 from the Robert Wood Johnson (of Bandaid fame) Foundation. This will enable the council to coordinate care for patients who use the health department clinics. Hospital staffers, bound by hospital quality control, will see them there for diagnosis, and provide continuity of care should they have to be hospitalized, avoiding the kind of fragmentation that occurs when people move from the public to the private sector for medical care.

Working in reverse as well, this will provide follow-up and supervision for the patient who no longer needs in-patient care—the stroke victim, for instance, who might need speech therapy—in one smooth, continuous operation.

In addition, a computerized, joint access records system will be developed to provide immediate information to workers at the hospital or the county clinics for any patient who has been treated or received medication at either place in the past.

The council is looking at programs of community education as well, planning to begin a series for heart patients and their families, teaching cardio-pulmonary resuscitation, diet, exercise and stress reduction. It is also considering education programs directed at people who operate restaurants and nursing homes and must meet health department requirements for licensure.

With all of this there is both a snowball and feedback effect. As physicians attend professional-level programs in the college building and interact both professionally and informally with members of the college community, they begin to see the school as an appropriate education resource. At the same time, the general public, also invited for courses and lectures presented by physicians at the college, begin to look to these institutions as a health center for their own community.

The council, getting input from its constituent agencies, has an overview as well which should enable it to assess current needs more accurately and project for the future. Coordinating activities under the Johnson grant, Mr. Sapad in hopes to learn why some patients go to health department clinics while others use the hospital's. HEC should then be able to eliminate duplication, plug the gaps where no appropriate services exist and place new services in the situation where they will do most good.

Staffing the programs with people who are already on the joint campus—doctors, Essex graduates and students—the council can also determine areas in which there is an over-or under-supply, urge modifications of the curriculum at the college accordingly. At the same time, the allied health workers prove, by their employment in HEC programs, their value in extending professional medical capacity, presumably leading to increased demand for their services elsewhere.

"Our ability to interact is almost unique," said Louis Albert, chairman of the division of allied health at the college and member of HEC's board of directors. "Too often education is separate from health care delivery, but in this situation we can modify curriculum to meet needs experienced directly in the community."

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## CAPITOL HILL FORUM

### HON. WILLIAM M. BRODHEAD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

*Monday, April 12, 1976*

Mr. BRODHEAD. Mr. Speaker, today is the first anniversary of the Capitol Hill Forum. In its first year, the newspaper has earned not only a wide readership, but also a great deal of respect among Members of Congress and their staffs.

Because my seniority in Congress is only slightly longer than that of the Forum, I feel a certain kinship with it. As a new Member, I have sought to develop sources of information on a wide variety of topics upon which I can rely. One of these sources has been the Forum.

I know of no other periodical which performs the same function as the Forum. It gives a breadth of perspective rarely possible in a paper with a daily deadline, while it avoids the mire of detail common in some of the less frequent theoretical journals. I cannot say that I have based a vote solely on a Forum article, but I have often found information there which has helped me to find my way to a decision.

It is, therefore, with pleasure that I call upon my colleagues to join me in honoring the Capitol Hill Forum and its staff on this first anniversary. From one new Member to another, I want to extend all good wishes for its continued success.

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## LATIN RELATIONS WITH CHILE IMPROVING

### HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

*Monday, April 12, 1976*

Mr. McDONALD of Georgia. Mr. Speaker, since the situation in Chile is simply nothing like that generally presented in the world and American press, I would like to call my colleagues' attention to the following article which appeared in the Times of the Americas on March 31, 1976.

Two points are especially important: First, that most Latin American observers discount the atrocity stories about Chile; in part, because most of those who supported the Socialist-Communist-Radical coalition government of Allende are being permitted to go into exile, including some terrorists.

Second, because of Chile's improved image, its relations with other Latin American countries are improving.

The article follows:

ATROCITY STORIES DOUBTED: LATIN RELATIONS WITH CHILE IMPROVING

WASHINGTON.—The anti-Marxist military government of Chile still is being castigated by the United Nations Human Rights Commission, but most Latin American observers act as if they doubt the veracity of the atrocity stories about Chile.

Of the Latin nations, only Mexico and Cuba insist that Chile is a fascist dictatorship, where the lives of the government's opponents are worth nothing.

The other countries not only have normal relations with Chile but those relations seem to be improving.

For instance, the Organization of American States is going ahead with plans to hold its next general assembly in Santiago, starting June 4.

Another indication is the action of the World Bank and the Inter-American Development Bank in making sizable credits available to Chile.

If the Latin American governments appear to agree with the Chileans who charge that

the Soviet Union has been orchestrating the campaign against Chile in the United Nations and elsewhere. Significantly, the loudest voices raised against Chile in most international forums are Marxist.

What seemingly has contributed to improvement of the Chilean image is the fact that Chile has been permitting most of those who served in the Socialist-Communist-Radical coalition government of President Salvador Allende to go into exile.

Chile has even allowed terrorists and their accomplices to leave.

Best known perhaps, was Dr. Sheila Cassidy, a British medic who was captured by Chilean authorities after a gunfight at the convent where she had been hiding. Although she was charged with sheltering and giving medical aid to a terrorist leader, eventually she was turned over to British Embassy officials and flown to London.

Nelson Gutiérrez, the terrorist Dr. Cassidy treated, No. 2 man in the movement of the Revolutionary Left (MIR), his wife and daughter managed to escape arrest and obtained asylum in the Vatican Embassy in Santiago. Eventually, Chile allowed them to take asylum in Sweden.

Earlier, Andrés Pascal Allende, a nephew of the late president and leader of the MIR, and his girl friend, both of whom had been involved in the Oct. 16 shootout in which Gutiérrez was wounded, were permitted to take asylum in Costa Rica. They had escaped capture, too, and sought refugee in the Costa Rican embassy.

These are just a few of the persons who have been permitted to go into exile in recent weeks.

But this relatively generous policy on the part of the Chilean military government is not something initiated on the spur of the moment.

It can be said to date back to before Allende's overthrow and death. It is a matter of record that the Chilean armed forces tried to convince Allende that he should not resist the coup and that he should accept their offer of a safe conduct out of the country.

Allende chose to fight on and committed suicide in La Moneda Palace rather than face capture, most Chileans say. Marxists insist that he was shot by an army officer.

However, shortly before Allende was buried, his wife and daughters were allowed to leave Chile for Mexico.

By now, most of his cabinet ministers and other prominent Marxists have been permitted to go.

One notable exception is Sen. Luis Corvalán, secretary general of the Communist Party. Corvalán has been waiting trial by a military court for the last 30 months. He was detained a few days after the events of Sept. 11, 1973.

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## F. EDWARD HÉBERT: DEAN OF THE LOUISIANA DELEGATION

### HON. JOHN B. BREAUX

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

*Monday, April 12, 1976*

Mr. BREAUX. Mr. Speaker, as a member of the Louisiana congressional delegation, I must take this opportunity to say that Congressman F. EDWARD HÉBERT has set an example of dedication to our Nation which is difficult, at best, to rival.

Dean HÉBERT, as he is known within the Louisiana congressional delegation, has spent a great part of his life in the service of his country. His contributions have been numerous in maintaining the highest standard of excellence in our defense posture.

He is tough and single-minded in his belief that this Nation should continue to enjoy the place of superiority, not only in defense but in every aspect of our Nation's activities.

As he retires at the end of this Congress, Dean HÉBERT will leave behind an example for all of us who attempt each day to serve the people we represent, an example of dedication and contribution.

I take this opportunity, Mr. Speaker, to wish him continued years of service, health and happiness.

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## THE MARTINEZ VA HOSPITAL'S UNIQUE PREMEDICAL PROGRAM

### HON. ROBERT L. LEGGETT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Monday, April 12, 1976*

Mr. LEGGETT. Mr. Speaker, I would like to bring to the attention of the House a facet of our health care delivery system that appears to have been little noticed.

It is that competition for entry into medical schools, and the attendant burdens on selection committees, have increased dramatically in recent years. While the number of admissions to medical schools has been growing, the number of applicants has gone up much more rapidly. In fact, over the past 10 years, the number of students applying to medical schools has risen 122 percent.

The heavy competition among applicants has forced the schools to look at a wide variety of factors in the attempt to determine which of the candidates will best serve the needs of the population as physicians. A high level of academic achievement and intellectual potential, as measured by grades, faculty recommendations, and scores on the medical college admission test, is obviously a primary criterion. Most schools also examine such personality traits as motivation, perseverance, level of maturity, and skill in relating to others. These personal and social factors are, however, difficult to evaluate.

Despite the sophisticated testing and indepth evaluations, the admission process is still a relatively unpredictable procedure. Any candidate, no matter how well qualified in terms of grades, test scores, references, and character traits, is still a calculated risk. Studies have shown that the performance of the physician is still largely unpredictable by any of the traditional selection or educational achievement measures, including the MCAT scores.

It is evident, then, that the medical school selection process poses a very difficult task to say the least. Schools must be concerned with far more than academic achievement, since they are seeking ideally to produce physicians who are whole and complete professionals, as committed to helping people under the Hippocratic oath as they are versed in medical skills.

Knowing of the difficulties selection poses, I was most interested to learn of an unusual program being run by the Martinez VA Hospital in Davis, Calif., in my district. This hospital provides, under the direction of Dr. Michael C. Geokas, who is a professor of medicine at the University of California at Davis, as well as chief of medicine at Martinez, a unique program of teaching and counseling services for premedical students. This program has been maintained the last 2 years by volunteer effort of the hospital medical faculty and is offered at no cost to students, the VA, the university, or the taxpayers.

The main goal of this program is to identify, encourage, and assist the most promising students, including women and minority members, in entering medical school. The program consists of three areas: volunteer work for the students in various sectors of the hospital, such as the coronary unit and clinical laboratories; counseling students on the commitment to study medicine and serve as a physician; and a regular lecture series on the nature of medical education, as well as various medical disciplines and specific areas like nutrition and alcoholism.

This program should provide prospective students with valuable experience and insight about the intricacies of both medical education and the health care delivery system. I also believe that this type of premedical program in a hospital environment represents a promising approach to identifying and assisting the candidates who are most suitable for entry into medical school. This program should enable students to discover that they are unfit for a long and demanding career in medicine before, rather than after, they seek admission to medical school. I am also hopeful that it will stimulate student interest in primary patient care, which represents one of the most pressing problems in our health care delivery system today.

I commend this program to my colleagues as one which has the potential to offer a major improvement in the medical student-selection process. Similar programs can be established in any university-affiliated hospital, provided that the necessary spirit of cooperation and volunteerism exists among the hospital faculty. I urge my colleagues to encourage the development of such programs in the hospitals of their districts.

At this point I would like to include in the RECORD a description of the program provided by the Department of Medicine of the Martinez VA Hospital:

MEDICAL SERVICE PREMEDICAL PROGRAM

Homer Smith. From Fish to Philosopher, 1953: "It is scant modesty for man, even if he is 'the highest vertebrate' to presume that he can predict the cosmic plan on the intensity of his joy and pain, or cement the stars together with even his highest aspirations."

INTRODUCTION

Medical education is being challenged to produce more primary physicians, more medical scientists and more physician specialists. Modern medicine covers a whole

spectrum of functions: the promotion of health, the prevention of disease, the diagnosis and treatment of disease, rehabilitation of the patient, basic and applied research with exploration of new frontiers of knowledge, teaching and organization and delivery of health services. During the last five years, both the number of medical school admissions and the number of qualified individuals applying to medical schools have increased, the latter more than the former. The number of students applying for admission into medical schools in the U.S. has increased 122% in the past ten years. There were 42,624 applicants for the first year class in 1974–1975. The first year class numbered 14,963 in 114 medical schools. One hundred and seven (107) schools granted the M.D. degree to 12,714 students in the academic year 1974-1975. Over 8,700 women applied to enter medical school in 1974-1975, of whom 3,260 enrolled in that first year class. That number of women entering medical school represents a 360% increase over the number entering just four years ago. Increasing numbers of women are seeking and preparing for careers in medicine. The efforts of medical schools to increase minority enrollment during the past six years has resulted in a substantial increase in the proportion of the total student body who are members of minority groups. The actual number of minority group students has more than doubled during the same time period.

The heavy competition among qualified applicants seeking admission has forced the schools to rely on a wide variety of factors in trying to determine which candidates will, as physicians, best serve the needs of the population. Admissions committees do not seek a stereotyped ideal combination of characteristics in their applicants. A high level of scholastic achievement and intellectual potential is generally desired. These are measured by college grades, particularly science grades; by recommendations from undergraduate faculty including premedical advisers; and by the MCAT (Medical College Admission Test) scores. Most schools mention the desirability of such traits as curiosity, initiative, motivation, perseverance, purpose and breadth of interests. Furthermore, leadership, social maturity and human relations skill, are desirable. The personal and social traits that medical school admissions committees look for are difficult to measure. Sinclair (Medical Students and Medical Science. London: Oxford Univ. Press, 1955) has summed up the situation admirably, when he said: "Several attempts have been made to define the characteristics of the ideal medical student, attempts which have often ended in an atmosphere of unreality. Such a creature is a chimera, half man, half god and, like many other mythical beasts, is scarcely worth remembering."

With the increase of the number of applicants for entry to medical school, there is a steady increase in the number of well-qualified candidates. The responsibility of the medical schools is to be as certain as possible that the students they select will do better than those they exclude. It has been said that despite the sophisticated testing and criteria development the admission of any candidate, no matter how seemingly well-qualified in terms of grades, MCAT scores, references, character, motivation, etc., is still a calculated risk. Dr. Calvin Taylor, after an extensive study of the correlation between academic and career performance, reported the shocking finding, "that physician performances are still largely unpredictable by any traditional selecting and educational achievement measures including the MCAT scores" (Taylor, Calvin W: "Measurement and Predictors of Physicians' Performance", 1971, Aaron Press, Salt Lake City, Utah). One of the principal reminders of the failures of the selection system are the dropouts, the students who leave medical school without qualifying. There are very large differences on drop-out rates between different universities and countries. Attrition rates in Medical Schools in the United States are about 9% according to one report (Johnson D. G. and Hutchins, E. B., J. Med. Educ. 41:12, 1966). It is tempting to assume that the drop-out is academically poor and that the University's only error lay in selecting him. However there may be many reasons why an academically adequate student may be unable to utilize the teaching provided. This is a field that needs a great deal more research.

We may conclude, then, that the selection process for medical school admission is very difficult to say the least and no one pretends that most of the schools actually take the "cream of the crop" with the present selection procedures. We believe that a premedical program in a University-affiliated hospital might be of considerable value in an attempt to identify, encourage and actually assist the most promising students (who prove themselves suitable for a career in Medicine), in entering Medical School.

DESCRIPTION OF THE PROGRAM

The Medical Service of the Martinez Veterans Administration Hospital has initiated a unique premedical teaching, counseling and volunteer program. This program is under the direction of Michael C. Geokas, M.D., Ph.D., Professor and Vice-Chairman of the Department of Medicine at UC-Davis School of Medicine, and Chief of Medicine at Martinez VA Hospital. Premedical students from colleges and universities in the geographical area adjacent to the Martinez VA Hospital are encouraged to enroll in this course. The Premedical Program is offered as a community service without cost to the students, the Veterans Administration, the University of California or the taxpayer. This program is maintained by the volunteer effort of the members of the faculty of the VA Hospital. All applicants are interviewed by Dr. M. C. Geokas before enrollment.

PROGRAM STRUCTURE

The Premedical Program at the Martinez VA Hospital includes a) Volunteer work for the students in the various sections of the Medical Service, the Clinical Laboratory and other areas of the Hospital. The volunteer assignments are arranged formally with Mrs. Jeanne Hayward, the Director of Volunteer Services at the Martinez VA Hospital, whose cooperation has been excellent. Students who are able to participate in the volunteer phase of the Premedical Program are asked to formally "sign in" with the Volunteer Service, and are cautioned in budgeting their time properly so as not to undermine their academic efforts.

The volunteer assignments available at the VA Hospital, in the context of the Premedical Program, include:

1. The Escort Service.
2. The Medical Library.
3. The Pharmacy.
4. The Intensive Care Unit.
5. The Medical Administration Service.
6. The Ward Volunteer Service.
7. The Clinical Laboratory.
8. The Outpatient and Admitting area.
9. The various Research Laboratories.
10. The Cardiology Clinical Laboratory.
11. The Pulmonary Function Laboratory.
12. The Clinical Gastroenterology Laboratory.

Twice a year an intensive orientation course is given to the premedical students involved in the volunteer program by members of the Administrative, Nursing and Laboratory Sections of the VA Hospital who volunteer their time on weekends.

(a) Counselling: Students are counselled in groups and individually with regard to study habits, time budgeting, self-discipline, the significance of commitment required to study medicine and subsequently succeed as a physician and the significance of systematic painstaking effort during the college years in order to secure a high grade point average (GPA) and a high MCAT score. Junior and senior students are given assistance in selecting the appropriate medical schools in the U.S. in relation to course work requirements, age, application procedures and state and regional residence policies. Students are encouraged to consult carefully the medical school admission requirements, published by the Association of American Medical College, (Association of American Medical Colleges, One Dupont Circle, N.W., Washington, D.C. 20036). Premedical students are counselled extensively concerning foreign medical schools and other alternatives for rejected applicants. At present it is estimated that more than 5,000 U.S. citizens are studying medicine abroad. The choice of school should be based primarily on the applicant's familiarity with another language because acceptances are at times provisional pending the passing of a language examination. It is emphasized that language skills must be reasonably strong to permit monitoring of lectures and the students participation in competitive oral and written examinations.

THE LECTURE SERIES

A special lecture is given to the Premedical students every Saturday from 10:00 to 11:00 a.m. at the Veterans Administration Hospital, Martinez, California, Medical Service (Conference Room B-301), which constitutes an integral part of the Premedical Program. The speakers are selected among the members of the VA full-time staff and the UC-Davis School of Medicine faculty and also among prominent citizens from the community.

The lectures include a considerable variety of subjects such as:

Premedical Planning.
The Medical School Admission Process.
The Nature of Medical Education.
Overviews on Human Physiology and Biochemistry.
Aspects of Human Nutrition.
Overviews of various medical subspecialties, e.g. Cardiology, Gastroenterology, Pulmonary medicine, Neurology, etc.
Review of diseases due to faulty habits.
The problems of Alcoholism.
Review of Laboratory Medicine and Laboratory Instrumentation, etc.

The lectures are designed in such a way as to demonstrate to the students the enormity of the material included in the Medical School curriculum as well as to increase their understanding of the complexity of medical education.

Furthermore, the students are encouraged to attend the various other educational programs organized by the Medical Service. For instance, a special lecture series organized for the general public in the Fall of 1975, was attended by most of the premedical students and included the following subjects:

The Problem of Alcoholism in Our Society.
High Blood Pressure. The Silent Menace.
What You Should Know About Heart Attacks.
Do's and Don'ts of Your Diet.
What You Should Know About Cancer.
Arthritis—Some New Answers.
How Smoking Affects Your Health.
Overweight and the Affluent Society.

IN SUMMARY

This is a unique Premedical Program, sponsored by a University-affiliated Department of Medicine and includes students from UC-Berkeley, UC-David, Hayward University, Diablo Valley College and other schools in our vicinity.

The program includes volunteer work in the various sections of the hospital, counseling of students and a lecture series given

by the VA and UC-Davis faculty, which includes overviews of various medical specialties, and general topics given by prominent citizens.

We believe that the selection of candidates for medical school admissons is a matter of extraordinary importance, related to the health of the American people. There is an abundance of well-qualified candidates for admission, and one would expect that the medical schools could easily admit the "cream of the crop". However, the selection procedures appear to be inadequate at the present time, despite the valiant efforts of the admission committees. As medicine is as much of an art as a science, what the public needs these days in a doctor is a total human being with a genuine love of humanity and not merely some cold Phi Beta Kappa with a 3.8 GPA.

We believe that the gigantic problem of malpractice insurance has brought the process of selection of the doctors of tomorrow into a sharp focus indeed.

It might be that we need a new breed of physicians who have: Intelligence, scientific curiosity, high scholastic performance, but also self-discipline, emotional strength, interest in people, compassion, and above all, sensitivity to the needs of the public and a willingness for long range commitment and dedication to public service.

In our view it should be considered a great privilege by a young man or woman to be given the opportunity to study Medicine.

We believe that during the premedical college years a considerable degree of conditioning of students for a successful career in Medicine can be accomplished through a well-organized premedical program in a hospital environment. This could reduce the number of Medical School dropouts.

This Premedical Program provides to the students invaluable experience and insight concerning the intricacies of health care delivery and sensitizes them to the needs of the patients.

Students who find that they are unfit for a long and demanding career in Medicine quite frequently change their orientation to other fields. We have found that the emphasis on self-discipline, time-budgeting, integrity, responsibility, compassion for the sick, the need for serious commitment and a constant urging to improve scholastic performance constitute an enormous impetus to the students.

In turn, the hospital staff has expressed admiration for the dedication of the students and their contribution to the hospital as volunteers.

Our observations during the last two years indicate that the Premedical Program represents a promising pathway in our attempt to identify and assist the candidates who are suitable for Medical School admission.

The program's greatest asset is this: It teaches by example: In a hospital environment the VA staff volunteer their time to the program as a public service. Thus the program has been sustained for two years without cost to the students or to the taxpayer.

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## REPORT ON THE LAW OF THE SEA CONFERENCE

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## HON. PHILIP E. RUPPE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

*Monday, April 12, 1976*

Mr. RUPPE. Mr. Speaker, our colleagues, "PETE" MCCLOSKEY and BEN GILMAN, are presently serving as congressional delegates to the Law of the Sea Conference in New York.

They have submitted a report on their observations of the first 4 weeks, which I think is worthy of careful study by all of us.

BACKGROUND PAPER AND PROGRESS REPORT ON NEW YORK LAW OF THE SEA CONFERENCE, HALF-WAY POINT, APRIL 9, 1976

HISTORICAL SETTING

Strong maritime powers have traditionally desired the broadest possible "freedom of the seas." Since the last century, when naval guns had a range of three miles, generally accepted international law has recognized the freedom of the high seas outside a three-mile "territorial" sea controlled by the coastal nation.

In 1945, however, President Truman proclaimed that the United States owned exclusive rights to the rich mineral resources on our continental shelves extending well into the Atlantic, Pacific, Caribbean, and Arctic Oceans. Subsequently, certain Latin American countries, notably Peru, Ecuador, Chile and Brazil, claimed jurisdictions out to 200 miles, in order to protect their tuna and shrimp resources.

In 1968, the United States enacted the Fisherman's Protective Act (PL 90–482), and agreed to compensate tuna companies whose vessels were seized inside foreign 200-mile zones. In 1972, the State Department negotiated an agreement with Brazil, subsequently ratified by Congress, in which we agreed that Brazil could regulate U.S. shrimp fishermen within 200 miles of her coastline and further, that we would contribute to the cost of such regulation.

In 1974, the UN's International Court of Justice ruled that Iceland had no right to unilaterally declare a 50 mile fishery protection zone. That decision led to the famous "cod war" between British trawlers and Iceland's small navy, unresolved to this day.

International efforts to remedy these problems commenced in 1958 with the first UN Law of the Sea Conference. Four treaties resulted which were ratified by the United States, *Convention on The High Seas* (55 other nations as signatories), *The Continental Shelf* (53 other nations), *The Territorial Sea and Contiguous Zone* (43 other nations), and *Fishing and Conservation of the Living Resources of the High Seas* (33 other nations).

A second LOS Conference convened in 1960 but adjourned in failure.

Plans for the third LOS Conference originated in 1970 with a unique and historical U.S. policy decision to espouse the principle that the mineral resources of the deep seabed should be considered "the common heritage of mankind," to be shared with developing nations, rather than exploited solely by those with the technological means to do so (then and now, primarily the United States, which, by 1976, has several major companies ready and able to proceed).

The Third LOS Conference, with 143 nations participating, met for 10 weeks in Caracas in 1974, 7 weeks in Geneva in 1975, and is meeting in New York from March 15 through May 7, with time reserved for a fourth and final session, either in New York or Geneva, later this summer.

Since the Conference's inception, the importance of agreement has been further emphasized by seizure of the Mayaguez 7½ miles off the Cambodian coast in 1975.

IMPORTANCE OF THE CURRENT SESSION

The current session is admittedly at the "make-or-break" stage of the negotiations. If a nearly-complete revised single negotiating text cannot achieve consensus by May 7, it is fairly well conceded by most participants that the negotiations could break down completely as they did in 1960, with nations taking unilateral action to protect their own national interests as Congress did in enacting our 200 mile fisheries protection bill last week.

The Senate Commerce Committee (by voice vote), and the House Oceanographic Subcommittee (by a vote of 16 to 1), have both reported out bills to encourage deep seabed mining, bills which if enacted into law, would clearly end any treaty incentive on the part of a majority of the nations participating in the third LOS Conference.

Politically, the American people would probably strongly approve passage of this legislation, should the New York session end on May 7th at an impasse. Deep Seabed Mining would *not* constitute a violation of existing international law or treaties as was argued in the case of the 200 mile bill, so presumably the Congress will be as quick to move on the deep seabed mining legislation as it was the 200 mile bill if the New York session is unable to come close to consensus on a treaty by May 7.

UNITED STATES NEGOTIATION GOALS

The United States has 7 primary goals:

1. A binding dispute settlement procedure;

2. Free navigation rights, particularly through such straits as Gibraltar, Malacca,

and the Persian Gulf, but also within the 200-mile zones of other nations;

3. Protection of our continental shelf petroleum resources;

4. Protection against ship-source pollution;

5. Fishery conservation, including coastal species, highly migratory species (tuna), and anadromous species (salmon);

6. Access to and a fair apportionment of the deep seabed minerals, particularly the nickel, copper, cobalt and manganese of the so-called manganese nodules;

7. Reasonably free scientific research within the coastal waters of other nations.

THE GROUND RULES

LOS Conference procedure requires that any treaty adopted must have the agreement of ⅔'s of those nations present and voting, but in any event not less than half of the 156 nations thus far participating. Furthermore, no votes are to be taken until all attempts at consensus have been exhausted.

Thus the negotiating progress has been painfully slow, since in each of the three committees, (I—Deep Seabed Resources; II—Territorial Sea, Economic Zone, Continental Shelf, Straits, and Fisheries; and III—Marine Pollution and Scientific Research) the Chairman has no recourse but to obtain a ⅔'s consensus of his membership before he can hope to have a successful vote.

Each nation has one vote, so if a treaty is to be signed, it will require agreement on the part of the majority of the 117 lesser-developed nations (LDC's) who constitute over ⅔'s of the participants.

LINEUP OF THE PLAYERS

As of last week, 156 nations were participating with the following breakdowns of interest and goals:

1. The Major Naval Powers (2 countries)

The United States and Russia are both desirous of maintaining maximum freedom of the high seas, particularly unimpeded navigation through, over (aircraft) and under (submarines) straits such as Dover, Gibraltar and Malacca.

2. The Industrialized Nations (30 + countries)

This group consists primarily of the European and North American nations. It is further subdivided along east/west lines with the U.S., England, France, West Germany, Italy, Japan, Canada and Australia among others on one side and a Soviet bloc including the European communist nations on the other.

3. The Developing Nations (originally called the Group of 77, but consisting of 117 countries at last count)

This group is primarily interested in obtaining a share of the deep seabed and fishery resources. They are also interested in establishing an OPEC-type cartel to protect their members who are also land-based producers of the four primary minerals found in the deep seabed manganese nodules (nickel, copper, cobalt and maganese). This group is led by spokesmen for Algeria, Peru, Brazil, Chile, Sri Lanka, Venezuela, Mexico, India, et al., with China seeking to claim participation but thus far fairly ineffectively.

4. The Landlocked and Geographically Disadvantaged States (LL/GDS) (50 + countries)

This group consists of nations without coastal borders. The majority are less developed nations but also included are developed nations such as Switzerland and Austria. They have come on fairly strongly, during the New York session, seeking guaranteed access to the oceans as well as a share of the resource values beyond the 200 mile economic zones of the coastal states, and preferential fishing rights from nearby nations. This group also has the capacity to block a treaty if they can obtain the cooperation of only a few other countries.

5. The Coastal States (122 countries)

For the 122 coastal states, recognition of a 200 mile economic zone increases their economic jurisdiction by a total of 38 million square miles, over a third of the total ocean area of the world. Increasingly the Group of 77 countries are urging that the 200 mile "economic" zone have almost the quality of a territorial zone.

6. The Broad Margin States (9 countries)

This group consists of the United States, England, Canada, Ireland, India, Argentine, Norway, Australia and New Zealand. These states, whose continental margins extend beyond 200 miles, are desirous of protecting the hydrocarbon resources of their continental shelves beyond the 200 mile limit. Recognition of a broad margin would increase the area over which they have jurisdiction by 5 million square miles. The United States, for example, may have from 5 to 15% of its total offshore oil deposits beyond 200 miles.

7. The Deep Seabed Mining Companies

Three United States firms, Kennecott Copper, Deep Sea Ventures (owned jointly by Tenneco, U.S. Steel, and Union Miniere of Belgium) and Lockheed together with International Nickel, a Canadian/U.S. multinational company, believe they now have the capability to profitably mine the ocean floor. They have invested between $20 and $40 million each to perfect the necessary technology and feel they are several years ahead of the French, Japanese and Soviets who are also known to be working on the problem.

Above all else they desire a stable investment climate in order to attract the additional capital ($350 to $650 million per site) necessary to go into production.

Their primary problem lies in the fact that United States Government's negotiating position is to offer an as-yet-unknown percentage of their revenues or production to the International Seabed Resource Authority (ISRA) as the primary incentive for the final treaty.

The companies are agreeable to sharing some of their profits with the developing nations but don't feel they can both share profits and pay a full U.S. income tax. Needless to say the Treasury Department is reluctant to give up any tax revenues or to offer foreign tax credits, thus creating a basic three-way conflict among the companies, State, and Treasury which as of this date is unresolved.

PRIMARY PROBLEMS FACING THE NEGOTIATORS

*1. The economics of manganese nodules*

Since the primary treaty incentive to the developing nations lies in the United States' concession to share its technological advantages in deep sea mining, an understanding of the economics of the manganese nodules is crucial to congressional decision making.

It is believed that potato-sized manganese nodules are scattered in varying amounts across wide areas of the deep seabed as well as in some areas of various continental shelves. In some 3 million square miles of the Pacific Ocean, for example, it is estimated that there may be from 18 to 33 pounds of dry nodules per square meter of which perhaps 4 to 7 pounds might be efficiently mined with presently known technology. There are enough nodules, and enough profitable mining sites, to furnish expected world demand for generations.

With an initial investment of $350 to $650 million and anticipated annual operating costs of $100 to $160 million, a mining company could begin exploitation and processing 1 to 3 million tons of dry nodules per year. The essential elements of a full scale operation might consist of a deep seabed area of at least 40,000 square kilometers in size, with guaranteed access for at least 20 years, a mining dredge approximately 15 meters wide towed across the seabed floor at a speed of perhaps 2 miles per hour, a shore based processing plant and related support and transportation facilities.

Allowing for a 2 million ton per year nodule harvesting operation, and the following data:

| | Nickel | Copper | Cobalt | Manganese |
|---|---|---|---|---|
| Nodule composition (percent) | 1.4 | 1.2 | 0.25 | 25 |
| Amount of mineral recoverable per ton of nodules (pounds) | 25 | 22 | 2.8 | 465 |
| Average value of mineral per pound | $2.20 | $0.66 | $4.00 | $0.065 |

The possible gross revenues from a full scale operation are as follows:

Nickel, $111 million; copper, $29 million; cobalt, $22 million; and manganese, $60 million (optional—only one of the four mining companies plans to process manganese).

If manganese, the world supply of which is plentiful, is excluded, it is readily seen that nickel represents roughly 70% of the recoverable value of the nodules.

Four U.S. companies, each producing $111 million of nickel, could make quite an impact on the world nickel market, since the total world consumption in 1972 was only $1.3 billion.

The developing countries have thus asked, and Secretary Kissinger agreed (representing a major concession by Treasury) that seabed production be limited to growth in the nickel market.

Assuming a 6% increase per year in the consumption of nickel, potential revenues from several sites could even so amount to $1 billion per year by 1990, and could exceed $3 billion per year by 2005 if, say, 10 sites were then in production, each processing 3 million tons of dry nodules per year. This level of revenue would produce a return on investment of 12% per year.

(NOTE: Our mining companies believe the nickel market can be assumed to be the controlling factor in the development of deep seabed mining because nickel constitutes such a high percentage of the economic value of the nodules.)

Thus the LDC's are not hurt badly if deep seabed production is limited to the growth in the nickel market, since such limitation also applies to copper which is found in the nodules in slightly-lesser quantities.

The LDC's would be badly hurt, however, if no treaty is negotiated and unlimited seabed mining of copper ensues.

The top nine exporters of copper are all LDS and several of them are heavily-dependent on copper export earnings as shown in the following chart:

MAJOR COPPER PRODUCERS (1972)

| Country | Percent of of total export earnings | Percent of world supply produced |
|---|---|---|
| Zambia | 95 | 11 |
| Zaire | 83 | 7 |
| Chile | 78 | 11 |
| Peru | 29 | 3 |
| Philippines | 16 | 3 |
| Uganda | 11 | Negligible |
| Haiti | 6 | Negligible |
| Bolivia | 4 | Negligible |
| Nicaragua | 4 | Negligible |
| United States | Negligible | 22 |
| U.S.S.R. | Negligible | 15 |
| Canada | Negligible | 11 |
| Turkey | Negligible | 6 |

The world copper market in 1972 was considerable, amounting to $9.3 billion in value, as compared with $1.3 billion for nickel, $484 million for manganese, and $185 for cobalt.

U.S. CONSUMPTION AND IMPORT FIGURES FOR 1972

| Mineral | Percent of world consumption (by value) | Percent imported | Value of imports (millions) |
|---|---|---|---|
| Nickel | 35.3 | 82.0 | $373 |
| Copper | 26.5 | 4.6 | 114 |
| Cobalt | 35.2 | 77.0 | 50 |
| Manganese | 19.7 | 82.0 | 79 |
| Total | | | 616 |

Thus, if LOS treaty negotiations break down altogether, and the U.S. proceeds to full-scale deep sea mining, we can conceivably move from imports of $616 million per year in these four metals, (in three of which we are presently heavily import-dependent) to a net *export* position with possible balance-of-payment benefits (at the expense largely of Canada and the LDC's) of not less than $380 million per year.

The Soviets are on both sides: as a seapower, their interests are very similar to ours and they would clearly like to achieve a treaty. As producers of 19% of the world's nickel, however, they would like to protect their export position and have thrown a real road-block into the negotiations by insisting on a quota system so that each industrialized country would be limited in the number of mine sites it could be granted. The U.S. is not unwilling to allow half of the mine sites to be set aside for the LDC's, but is dead set against being further limited to proceeding at whatever pace other industrial countries may be able or willing to develop their own technology.

This problem is still unresolved, and presents the major challenge to Committee I negotiators in the next few weeks. The U.S. has made a substantial concession in agreeing to 20 years of interim controls on the production of nickel, limiting that production to the growth in the nickel market. If that growth meets the anticipated 6% figure, U.S. mining companies estimate that 20–30 economical deep sea mines can be operating by the year 2000.

The final and perhaps most difficult problem in the deep seabed area is the make-up and voting powers of the Council of the International Seabed Resources Authority (IRSA) which will set seabed mining policy.

The negotiators have now cleared most major hurdles in setting up the Authority, but both the LDC's and the U.S. are reserving final approval pending agreement on the voting power balance in the Council.

Secretary Kissinger, in his April 8 speech said only that the U.S. would require "the composition and structure of the Council reflect the producer and consumer interests of those states most concerned with seabed mining."

Presumably this would mean that the United States and other industrialized nations would have votes proportionate to their *consumer* interests in the four minerals. 1972 world consumption is shown as follows:

LEADING CONSUMERS OF NODULE MINERALS (1972)

[Percent of world supply by value]

| Country | Nickel | Copper | Cobalt | Manganese |
|---|---|---|---|---|
| United States | 35.3 | 26.5 | 35.2 | 19.7 |
| Japan | 20.9 | 12.4 | 20.9 | 17.2 |
| U.S.S.R. | | 14.1 | | 18.9 |
| Germany (FRG) | 10.5 | 8.7 | 10.5 | 7.1 |
| United Kingdom | 7.3 | 7.0 | 7.3 | 3.8 |
| France | | 5.1 | .1 | 3.6 |
| Sweden | 5.2 | 1.3 | 5.2 | .8 |
| Italy | 5.1 | 3.7 | 2.2 | 1.9 |
| Canada | 2.2 | 2.9 | 2.2 | 1.9 |

On the production side, the nickel, copper, manganese and cobalt producers would have similarly weighted voting, proportional to their respective productions of the four minerals involved.

For nickel, Canada, Russia and French New Caledonia produce 72% of the world total. For copper, the United States produces 22%, Russia 15%, Chile, Canada and Zambia 10.6% each, Zaire 6.5%, Turkey 6% and Peru and the Philippines 3.2%. For cobalt, Zaire produces 31%, East Germany is next at 16% and the next highest country, Zambia 5%. For manganese, Russia produces 38%, Gabon and South Africa each produce 12%, Brazil 11% and Australia 7%.

Thus if weighted voting is based on production/consumer interest, the balance should be fairly divided betwen the LDC's and industralized world, with the U.S. in a fairly strong, although certainly not controlling position.

If all goes as hoped, the deep seabed sections of the treaty should be fairly well agreed upon by May 7, save for the Council voting structure and dispute settlement details, which would presumably be referred to national capitals for consideration and final resolution at the final conference session in August.

*2. Dispute settlement*

Progress in resolving the dispute settlement question thus far has been particularly disappointing.

Following the conclusion of the Geneva session last May, President Amerasinghe (Sri Lanka) prepared a single negotiating text on dispute settlement. When the New York session convened March 15th, a number of delegations voiced strong opposition to include this text in the deliberations and managed to delay initial debate on the issue until the fourth week of the Conference. This debate, originally scheduled for two days, continued for six, with general committee working sessions scheduled to commence on April 13th.

Binding dispute settlement procedure is a primary U.S. goal. Last August in Montreal, Secretary Kissinger put it this way:

"There *must* be provisions for compulsory and impartial third-party settlement of disputes. The United States cannot accept unilateral interpretation of a treaty of such scope by individual states or by an international seabed organization." (Emphasis added)

On April 6 in New York, Ambassador Learson reiterated these words and went on to say:

"My delegation believes that a comprehensive system for third-party settlement of disputes is an *indispensable* part of the Convention. *The system must apply to all parties and to all parts of the Convention;* the settlement process must be impartial and swift; the decisions must be binding." (Emphasis added)

During general debate, a number of speakers insisted that disputes arising within the 200 mile zone should not be subject to any international arbitration or adjudication but resolved solely within the judicial system of the coastal state.

Unless resolved, this issue alone could destroy any chances of a treaty, since free navigation rights within the 200 mile zone are an essential part of the U.S. position.

It is too early to assess the chances of successful resolution of the dispute settlement issue, since the subject is complex and has provoked strong emotions.

One encouraging sign has developed, however. The Group of 77, which includes the most vocal opponents of a dispute settlement mechanism, has recently agreed to use President Amerasinghe's text as the basis for debate.

*3. The exclusive economic zone*

Discussions of the "Exclusive Economic Zone" have resulted in a severe polarization within the Conference. The widely divergent positions expressed in the informal discussions of the issue are beginning to spill over into other areas of the Conference and a significant block to overall progress is resulting.

The key issue concerns the fundamental nature of the coastal state's jurisdiction within the zone. Many of the Latins, led by Uruguay, Chile and Peru, and supported by several African and Asian states, want to consider the zone an extension of their territorial sea and are demanding sovereign rights over all the resources, both living and non-living, within 200 miles of their coasts. On the other side, the land-locked and geographically disadvantaged states (LL/GDS) led by Austria and several African states want to insure that they have free access to the high seas through the zone and are allowed a share of the living and non-living resources within the zone. Consequently they want to delete the word "exclusive" and have stated that they cannot endorse any regime which reduces the rights or their group.

The United States has taken a moderate position on this issue. We have generally endorsed the article as it appears in the Geneva Single Negotiating Text (SNT) which embodies the concept of a coastal state's sovereign right to explore and exploit the natural resources of the zone, jurisdiction over other activities which affect the marine environment, and exclusive jurisdiction over other activities for the economic exploitation and exploration of the ozne including scientific research.

The conflict between the territorialists and the LL/GDS group on this issue has created a deadlock in the negotiations with both sides hardening their positions. Thus far, 105 delegations have addressed this issue and if a moderate position is not ultimately adopted to which the LL/GDS group can agree, the Conference may become stalemated.

The nature of the regime within the Economic Zone has also caused additional problems in the dispute settlement, pollution and scientific research areas.

If the coastal state has sovereignty over marine pollution and scientific research in the economic zone, for example, then any disputes on these subjects must be under its sovereign jursidiction and beyond the purview of international dispute settlement procedures.

U.S. 200 mile zone legislation has been cited as a reason for this claim of sovereignty. On March 30, for example, Ecuador's foreign ministry stated:

"Ecuador wishes to call attention to the fact that this measure constitutes yet another endorsement of the increasing international tendency to accept and recognize the right of the coastal state to fix the limit of its jurisdiction and *sovereignty* over the ocean adjacent its coast out to a maximum distance of 200 miles." (Emphasis added)

*4. Fishery problems*

The primary issue with respect to the fisheries area also concerns the fundamental nature of the 200 mile economic zone.

Three basic approaches have emerged. The first, advanced by the Latins and some African states, is a claim to absolute sovereignty. The second approach, advanced by the United States, would give the coastal state exclusive jurisdiction over the living resources of the economic zone, but with duties of conservation and regulation. A third approach, advanced by the European economic community and supported by the LL/GDC's, emphasizes the role of regional organization within the zone. Under this proposal, the coastal state determines the allowable catch, but this is subject to review by a regional organization.

This is a difficult issue for the United States since a regional approach to fisheries management would impose our own coastal areas, some of the richest coastal fishing grounds in the world, to a management by others than ourselves. Judging from the political forces supporting our recent 200 mile bill, such a

result would also be totally unacceptable to Congress and the American people.

Tuna, which comprise roughly 22% of our total fishing revenues, spend a large proportion of their time within 200 miles of Peru, Ecuador, Chile, and Mexico. The imposition of coastal state management of tuna will effectively wipe out the United States distant water fleet, one of the world's most efficient fishing fleets.

Here again, Ecuador's warm response to our 200 mile bill is somewhat ironic, since we have paid Ecuador over $7 million since 1955 to recover tuna boats seized within Ecuador's 200 mile zone.

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## WE MUST CURB OUR LUST FOR MORALITY IN POLITICS

## HON. RICHARD BOLLING

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

*Monday, April 12, 1976*

Mr. BOLLING. Mr. Speaker, Michael Novak's article in yesterday's Washington Star is both sensible and important. It places in perspective a condition which has beset our society for all of the more than three centuries it has existed.

WE MUST CURB OUR LUST FOR MORALITY IN POLITICS: AMERICA'S ILLUSION

(By Michael Novak)

(NOTE.—Michael Novak, writer, theologian, educator and philosopher, today begins two months as The Star's writer in residence. His columns will appear in the Comment section each Sunday, and on Page A-3 on Tuesdays and Thursdays.

(Novak proposes to examine "America's Illusion" in its many manifestations. The nation is 200 years old but its language for discussing moral issues remains immature. Part of the problem is our pluralism. In our many different cultures, basic moral words are linked to quite different historical experiences, and accordingly, have different connotations. Part of our problem is our public inheritance of a passion to seem innocent. This is an unattainable and inhuman goal.

(In addition, the use of the word "moral" is frequently intended to make the critical mind stop functioning. If X is a moral cause, who can oppose it? Or even question it? That a policy is said to be moral or immoral should not close discussion, but stimulate us to shrewder and deeper criticism. Almost all harm in the world is done in the name of moral values. In a secular age, wars over true morality take the place of wars of religion. They are equally destructive. The proper conclusion is not cynicism, but self-criticism, modesty, and tolerance.)

Washington is all alive—again—with pundits, armed with lanterns, seeking morality in politicians. Our dearest national quest. Our myth of Sisyphus, two centuries old.

Archibald Cox vouches for Mr. Udall's character. Mr. Carter promises never to tell a lie. Mr. Reagan mounts a moral crusade against Ford and Kissinger. The latter talk loftily of prudence.

Politics is the most anti-American occupation. None so violates our national passion for innocence.

Some years ago, in 1961, Fidel Castro decided to embarrass the American government. He offered cynically to release 1,100 political prisoners in exchange for 500 tractors. It was an offer the Yankees would have to refuse, proving their crass material values.

John F. Kennedy put a nifty move on Castro. The U.S. government publicly refused. But Walter Reuther, Eleanor Roosevelt and Milton Eisenhower, at Kennedy's request, raised private funds for the tractors. Eight Latin American nations, in revulsion of Castro's sale of prisoners, also raised private funds. Moscow and Peking ended up embarrassed.

American moralists protested this paying of "blackmail," this "support" for tyranny, this "immoral transaction." Reinhold Niebuhr countered with a lesson Washington has never permanently grasped. "Moralists," he said, "erroneously equate moralism with morality."

What is the difference?

It would seem to be a critical lesson for America to learn. It is an idea essential for national debate. Our survival is involved.

No word is used so often in American politics as "moral." For generations, the Right has battened on it. Under Franklin D. Roosevelt, the Left seized it, conceiving of government itself as the chief agent of national moral purpose. John F. Kennedy himself—in the most significant error in his brief tenure—defined the situation of blacks in America as pre-eminently a moral issue. (Surely, economics is more basic.) Vietnam became a moral issue. Watergate is perceived as a moral issue.

One might imagine the United States infected with a virus, the virus of desiring to be good. A nation founded by saints, in pursuit of innocence. The new Eden. The new world. *Novus ordo seclorum*—the new order of the ages. "I know America," Richard Nixon twice told Congress in his most sincere voice, "and the heart of America is good." The Congress cheered, clapped and whistled. A warm feeling was had by all.

But what if America isn't? What if the American heart is just like every other human heart? Generous and greedy, innocent and corrupt, candid and wily. What if morality, or claims to it, are simply a technique Americans have added to the repertoire of Machiavelli?

Every time I hear a politician talk about morality, my stomach tells me he's out to get me, even if at first I can't see how.

These days, the Left sits higher on the high horse of morality. "The constituency of conscience," Michael Harrington dubs it. My stomach asks my mind: "What's in it for us? What are *our* interests? What power do *we* represent?"

Powers and interests, these are what politics is about. These do not exclude morality. But most of our images for what is moral come from the realm of personal virtues: honesty, decency, caring for family, integrity, candor. Such qualities are not only *not* primary in political virtue (they are secondary or tertiary). They often negatively injure political morality, making it destructive, blind and morally arrogant. Few things are worse than candid incompetence. Even inveterate liars and cheats (who are never believed anyway) can, in the alchemy of checks and balances, govern rather well.

"Moralism may be defined," Niebuhr wrote about the tractors for Cuba, "as a form of morality that holds to moral norms without recognizing that in actual history these norms always confront recalcitrance and without knowing that every moral norm is part of a whole web of moral means and ends. These norms are not, therefore, as simply realizable as the idealist imagines. It is the complexity of this web that makes moral prudence one of the virtues of political morality, and frequently the supreme virtue."

In my view, our educated class, the class that controls the media and defines the issues a politician must address, is most given to moralism. It talks about morality. Its hidden agenda is moralism.

About one-third of this class is liberal in orientation. This third is especially strong in the universities (humanities, social science; less so in business schools, in engineering, law, medicine etc.) and in the media (national rather than local). The other two-thirds is conservative in orientation. This two-thirds is especially strong in business corporations and in the business media. Highly moral persons, all.

Morality is the central symbolic battlefield. "Corrupt corporations." "Biased media." Candidates seek to make opponents seem less than moral. Definitions of what is moral are usually self-serving.

Among us, morality is seldom, if ever, transcended. It is a selective weapon, in the hands of our own faction. It is a political instrument. It is, therefore, moralism rather than morality, a means by which we commend ourselves to voters, not an end in whose light we recognize our own failures. No man is moral, simply. No political party is, no nation is.

American coins have it correct: "In God we trust." Meaning, no one else. Not in political leaders. Not even in government. "Our people are losing faith in America," Nixon said. But America is not a religion.

For myself I don't want a political leader to be too moral. He has to deal with vast powers, rather amoral interests, and partial truths.

"Mankind cannot bear too much reality." Nor too much purity. A nation engages in a world of half truths, disguised powers and partly corrupt interests. To enter such a world is to contract "dirty hands." Even the claim to possess, and the high purpose to maintain, moral purity (honesty, candor, no deals, no compromise, no shady associations, public chastity) can be a form of corruption. No saint would make such a boast. No opponent would believe it.

When our political conventions meet, saints do not come marching in. Humans, even as you and I. As in Athens, Constantinole, Babylon, and all the other fleshpots of recorded history.

The miracle of democracy is that it does attain a tincture of liberty, equality, justice, honor, honesty. But not in excess.

Here we have not heaven. Only these United States. The land Mencken observed so bitingly.

We would do well to discipline our lust for morality. Better to strengthen our checks and balances, to lock our doors, and to develop a reasonable tolerance for human fallibility, than to neglect political essentials, in a temporary fit of purity.

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## I AM THE UNITED STATES OF AMERICA

## Hon. G. V. (SONNY) MONTGOMERY

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

*Monday, April 12, 1976*

Mr. MONTGOMERY. Mr. Speaker, a very good friend of mine, Mr. Alex McKeigney of Jackson, Miss., has written a Bicentennial message entitled "I Am the United States of America." The words of this message describe better than anything else I have read what America means to me and what it should mean to all my fellow citizens. I commend this message to my colleagues and urge them to study closely its meaning. The message reads as follows:

I AM THE UNITED STATES OF AMERICA

(By Alex McKeigney)

I am the United States of America—the blessed land of liberty. I was born a long time ago, because, you see, liberty was born when God, the Creator, first breathed life into man,

created him in His own image, and breathed into him the spirit of liberty.

I am the dreams, the plans and the work of men and women who have loved freedom down through all the ages.

I am the first settlers who landed in Virginia and at Plymouth Rock;

I'm the Red man, the Black and Yellow man—I'm millions of people from all across the earth who came to this good land to live, to work, to dream, to build—

And to die, if need be, that liberty might still live.

I'm the surging tides of New England, the corn fields of mid-America; The wheat fields of the plain states; the tall trees of the great West;

I am the cattle grazing on matchless hills and prairies; I'm the Grand Canyon and painted deserts, the magic of ten thousand rivers, twisting streams, and sky-blue lakes, large and small.

I'm the cotton fields of Dixie, white sand beaches, mighty oceans and the moon-lit Gulf;

I'm Rocky Mountain grandeur and limitless treasures beneath the earth.

I am country music, opera and symphony, great books and simple rhymes.

I'm mighty industries, financial institutions, busy streets and highways—Arts and crafts and shops and stores, motion pictures, little theatre, countless festivals.

I am men and women in field and factory, in laboratories, in hospitals, in communications media; Teachers in classrooms; people in professions; men in space, walking on the moon.

I am an athlete in a crowded stadium or a hunter at early dawn;

I am a minister proclaiming God's Holy Word, and a mighty choir.

I am countless public servants—most of them little known—working at the many tasks of government all across the land; Whatever the task—large or small—I'm someone there, carrying the load.

I am the right to free speech, to own property and direct enterprise; I am the right to worship God, the Creator, and to live life abundantly in the spirit of Him who gave life eternal.

I answered freedom's call at Lexington and Concord town, prayed with Washington in the snow at Valley Forge; I was at Yorktown and New Orleans, in countless battles on the seas, and later in the air;

I fought at the Alamo and Chapultepec, rode with Lee and Jackson, Stood with Grant at Vicksburg and Meade at Gettysburg; I charged with the Rough Riders, fought at Belleau Wood, landed in the hell of Normandy and on a score of Pacific islands—stood the test in frozen Korea and steaming Vietnam—I gave my blood that the blood of others might run free.

I'm all these and much, much more in these United States in this 200th year of liberty; but more than anything else I am the heart and soul of free men and women and little children, who love their God and this good land, and who know that in Him there is strength and courage and love to light the way.

Yes—I am the United States of America—and under God forever I will be!

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## FEDERAL PROGRAM INFORMATION ACT

### HON. CHARLES ROSE III

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

*Monday, April 12, 1976*

Mr. ROSE. Mr. Speaker, today I am introducing legislation providing for the efficient and regular distribution of current information on Federal domestic assistance programs.

All too often, local officials never know about assistance that is available in the form of loans and grants from various Federal departments and agencies. Or, by the time they find out, the funds have been awarded to wealthier communities who have large inhouse research staffs or who have hired expensive outside consultants.

Since 1965, the Catalog of Federal Domestic Assistance has been published, listing all these programs. But it takes a Philadelphia lawyer to search through the book, and a catalog of more than 1,000 programs must be constantly updated. In addition, if a community is not eligible for one type of grant, or funds have been exhausted, another program may fit the bill; but cross-checking among the various agencies has not been easy for most local governments.

The rightness or wrongness of the concept of grant programs in general or of specific categories of assistance is not at issue. If the Congress has set up programs to aid local governments, all local governments should have easy, inexpensive access to information about these programs.

This legislation directs the President to establish within the executive branch of the Government a Federal Program Information Center.

This center will use computers to track and update information about all Federal programs, but more importantly, it will maintain information about the eligibility of the communities themselves.

Hopefully, the information in the data base can be expanded to include the current level of funding so that the Congress can more accurately track the application of appropriations to State and local governments.

The legislation requires the executive, in building its information file, to build on existing data bases, particularly FAPRS, developed by the Rural Development Service of the Department of Agriculture.

FAPRS, the Federal domestic assistance program retrieval system, is an excellent start. Four major categories—community facilities, business and industrial development, planning and technical assistance, and housing—are broken into subcategories to aid the applicant in a detailed search for applicable programs.

Mr. Speaker, the bill may be a first step toward eliminating the redtape local officials encounter when they deal with their Federal Government. It may be a start toward improving efficiency in Government that we all want to see.

Companion legislation is being introduced in the Senate by Mr. KENNEDY of Massachusetts and Mr. ROTH of Delaware.

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## EDWIN W. HYKA RETIRES

### HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Monday, April 12, 1976*

Mr. ANDERSON of California. Mr. Speaker, in city government, one of the most underrated positions—yet one of the most important—is that of the purchasing agent. A good agent can save a city quite a bit of money through his or her expertise and ability to use innovation in carrying out his duties.

In my district, the city of Long Beach is losing one of the most able men in the field. Edwin W. Hyka is retiring on June 1, 1976 after spending 24 years as an employee of the city—23 of them as purchasing agent.

The following article from the March 26 Long Beach Independent Press-Telegram gives a fine account of Edwin Hyka's career as Long Beach's purchasing agent. My wife, Lee, joins me in congratulating him and his wife Lillian on the completion of an outstanding and successful tenure in his field.

The article follows:

PURCHASER RINGS UP 24 YEARS WITH L.B

(By Don Brackenbury)

If Edwin W. Hyka made up a shopping list, it could look something like this:

1 bunch bananas.

250 railroad ties.

1 atomic absorption spectrophotometer.

2 packages, pablum.

As purchasing agent for Long Beach, Hyka is responsible for procurement of materials, supplies, equipment and services for all city departments—and sometimes the items sound unusual for government.

The bananas, for example, were to feed a couple of monkeys picked up by the Animal Shelter, Hyka explained. The pablum was to feed puppies at the shelter.

The railroad ties were for the Harbor Department's use. The port doesn't have any trains or freight cars, but does maintain trackage. The atomic absorption spectrophotometer is a device used by the city's laboratory to measure certain properties in metals.

Hyka, who announced this week he plans to retire June 1 after 24 years with the city—23 of them as purchasing agent—said most of the purchases are for more traditional city requirements, such as paper, typewriters, vehicles, gasoline and the like.

During the current fiscal year, total dollar volume of city purchases will be over $25 million, he said. During his 23 years as purchasing agent, Hyka estimates, he has presided over the purchase of about $150 million worth of supplies, services and equipment.

The annual volume 23 years ago was only $5 million, but the city has grown, Hyka said.

"Local residents sometimes do not realize that Long Beach is the nation's 35th largest city," he pointed out.

Hyka was instrumental in establishing cooperative purchasing with other governmental agencies, particularly Los Angeles County. The increased volume or purchases under such an arrangement make possible savings of 10 to 15 per cent, he said.

Another innovation was the use of a dataphone to order supplies. Long Beach was one of the first governmental agencies to use this method, and is one of the few that have adopted it, he said.

On annual contracts for repeat supplies, Hyka explained, a punchcard is prepared for the item wanted, such as stationery. The operator dials the telephone number of the warehouse, and inserts the card. It is then automatically printed in multiple copies at the warehouse.

An operator can order 50 items in about five minutes, Hyka said, and the method eliminates the necessity of preparing purchase orders, requisitions and similar paperwork. It also eliminates mistakes in typing up subsequent orders, he said.

Hyka has been active in his field, having served as president of the California Public

Purchasing Officers Association. In that capacity, in 1961, he instituted the first certification program for education and development of government purchasing officers.

Through the National Institute of Government Purchasing, Inc., of which he is a past president and now a director, Hyka helped establish a national and international certification program.

In 1974, the institute presented Hyka with its distinguished service award.

## LOS ANGELES TIMES SUPPORTS HATCH ACT REFORM

### HON. WILLIAM (BILL) CLAY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

*Monday, April 12, 1976*

Mr. CLAY. Mr. Speaker, there has been much debate within Congress concerning the need to reform the Hatch Act. Members of the House will be given a third opportunity to vote on this issue when the anticipated Presidential veto of H.R. 8617, the Federal Employees' Political Activities Act of 1975, is sent to the Congress.

An illustrious west coast newspaper, the Los Angeles Times, issued an editorial on April 2, 1976, entitled, "Citizens Without Citizenship." The Times makes a strong case in support of H.R. 8617 and states that President Ford would be ill-advised to veto it.

I want to share this enlightening article with my colleagues. The editorial follows:

CITIZENS WITHOUT CITIZENSHIP

All involvement in partisan politics, except the right to vote, was taken away from federal employees by the Hatch Act of 1939. But a measure to restore 2.8 million government workers to full citizenship—HR 8617—is now on President Ford's desk. He intends to veto it, and we believe that would be wrong.

There might have been a justification for removing federal employees from politics 37 years ago, when they had little or no protection from coercion by their elective or bureaucratic superiors. But that is no longer the case.

The strength of the civil service system, with its seniority and merit safeguards, effectively insulates the government worker from pressures to contribute money or time to the election of partisan candidates.

Despite that, the civil servants must remain neutral. A postal clerk, for example, cannot even ring a doorbell to urge a neighbor to vote for a Republican or a Democrat for state office, or even for mayor, county supervisor or city council member in jurisdictions where those offices are partisan.

HR 8617 would modify the Hatch Act to permit federal workers to support candidates, or to run for office themselves, if done on their own time and away from their places of work. Restrictions would remain, however, on persons in sensitive positions in the Department of Justice, the Central Intelligence Agency and the Internal Revenue Service, and on all members of the military.

The most vigorous opponent of the legislation—Sen. Hiram L. Fong (R–Hawaii)—argues that the modifications would "politicize" the civil service and lead to a return of the "spoils system."

The facts are to the contrary. Stringent prohibitions against political activity, such as those in the Hatch Act, do not apply in city, county and state government, and—where adequate civil service protections exist, as they would on the federal level—there has been no evidence whatever that public employees have been shanghaied into political activity against their will.

And HR 8617 carries additional insurance that politicalization would not be thrust on federal employees. It would impose even harsher penalties, including criminal prosecution, in cases where higher-ups might attempt such intimidation.

Although the new legislation won approval in both houses of Congress by substantial margins, the majorities are short of the two-thirds necessary to override a veto.

It's up to Ford, then. He can either extend to 2.8 million Americans the political privileges that all other citizens exercise, or he can continue to deny them the right to participate meaningfully in the choice of those who govern.

We believe a veto would be unconscionable in light of another recent decision by Ford. In mid-January, he brought former Commerce Secretary Rogers C. B. Morton into the White House as his chief political manager, at a salary of $44,600 a year.

Although Morton, as a presidential counselor, was exempt from the Hatch Act, and although he left the White House this week to take over full command of the Ford campaign, the principle remains the same.

If it was all right for Morton, who held Cabinet rank, to work in partisan politics for 2½ months while on the federal payroll, why is it wrong for civil servants of lower status to do it on their own time?

# SENATE—*Tuesday, April 13, 1976*

The Senate met at 10:15 a.m. and was called to order by the Acting President pro tempore (Mr. METCALF).

PRAYER

The Reverend Nathan D. Smith, professor, California Center for Biblical Studies, Culver City, Calif., offered the following prayer:

God, our Heavenly Father, we bow our hearts before You. We acknowledge You as the Creator and Sustainer of Life, the Alpha and Omega, the Alef and Taw, the Author and Finisher of Our Faith. When we consider Your greatness, we are humbled because we realize that we bear Your image. We pray that we might live respondingly as those who have been indelibly made in Your likeness.

Specifically, we pray for these men this day. God grant them humility. Lord, at the same time give them grace to accept their own limitations and vision and courage to take the things that are and make them what they ought to be according to Your standards of righteousness and compassion.

Lord, give us a sense of Your holiness. Then grant us courage to repent from our sins and to acknowledge Jesus as Lord and You as the only true God, to whom we all must give account.

For these men we pray and for those they represent who feel this need of spiritual and moral renewal in our Nation. Lord, make these Senators models that will lead our Nation to spiritual life and renewal in Jesus Christ our Lord. Amen.

## THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Monday, April 12, 1976, be dispensed with.

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

## COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Committee on Armed Services, the Committee on Commerce, the Committee on Government Operations, and the Select Committee To Study Governmental Operations With Respect to Intelligence Activities be authorized to meet during the session of the Senate today.

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

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all other committees be authorized to meet until 1 p.m. or the end of the morning business, whichever comes later.

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

## CONSIDERATION OF CERTAIN MEASURES ON THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Nos. 711 and 712.

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

## ENVIRONMENTAL RESEARCH, DEVELOPMENT, AND DEMONSTRATION AUTHORIZATION ACT OF 1976

The Senate proceeded to consider the bill (H.R. 7108) to authorize appropriations for environmental research, development, and demonstration, which had been reported with amendments from the Committee on Public Works, the Committee on Commerce, and the Committee on Labor and Public Welfare, so as to read:

That this Act may be cited as the "Environmental Research, Development, and Demonstration Authorization Act of 1976".

SEC. 2. (a) There is authorized to be appropriated to the Environmental Protection Agency for the following categories, as follows:

(1) Research, development, and demonstration under the Noise Control Act of 1972 (42 U.S.C. 4901 et seq.), not to exceed $2,110,000 for the fiscal year ending June 30, 1976, and not to exceed $527,500 for the fiscal transitional period ending September 30, 1976.

(2) Research, development, and demonstration under the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136 et seq.), not to exceed $14,047,000 for the fiscal year ending June 30, 1976, and not to exceed $3,511,975 for the fiscal transitional period ending September 30, 1976.

(3) Research, development, and demonstration under section 301 of the Public Health Service Act (42 U.S.C. 241), not to exceed $2,115,000 for the fiscal year ending June 30, 1976, and not to exceed $528,750 for the fiscal transitional period ending September 30, 1976.

(4) Research, development, and demon-