Morse Chair of Law and Politics at the University of Oregon, Eugene, Oregon.

HOUSE CONCURRENT RESOLUTIONS

H. Con. Res. 594. March 24, 1976. Science and Technology. Expresses the appreciation of the Congress of the United States to specified professional societies for their participation in the science and engineering congressional fellowship program.

H. Con. Res. 595. March 29, 1976. International Relations. Expresses the objection of Congress to the proposed sale to Egypt of C–130 aircraft as described in transmittal number 76–47.

HOUSE RESOLUTIONS

H. Res. 1105. March 24, 1976. Judiciary. Provides that Richard M. Helms, Ambassador to Iran, is impeached of high crimes and misdemeanors.

H. Res. 1106. March 24, 1976. Post Office and Civil Service. Designates the week beginning April 4, 1976, as "National Rural Health Week."

H. Res. 1107. March 24, 1976. Rules. Sets forth the rule for the consideration of H.R. 9725.

H. Res. 1108. March 24, 1976. Sets forth the rule for the consideration of H.R. 12262.

H. Res. 1109. March 25, 1976. Rules. Amends the Rules of the House of Representatives to assure and to regulate television and radio coverage of the House of Representatives.

H. Res. 1110. March 25, 1976. Rules. Requires the report of the Select Committee on Intelligence, filed on January 29, 1976, be referred to the Committee on House Administration, and such Committee shall follow the procedures agreed to between the Select Committee and the President with respect to the disclosure of classified information transmitted to such select committee. States that after such procedures have been complied with, such report, as it may be altered in accordance with such procedures, shall be printed as a House document.

H. Res. 1111. March 25, 1976. House Administration. Permits each Member of the House of Representatives to hire a Vietnam veteran as a congressional intern.

H. Res. 1112. March 25, 1976. Rules. Directs the House Committee on Appropriations and the Committee on International Relations to begin a study of the relationship between the United States and the United Nations.

H. Res. 1113. March 29, 1976. Rules. Establishes in the House of Representatives the Select Committee on Nuclear Proliferation and Nuclear Export Policy.

H. Res. 1114. March 29, 1976. Sets forth the rule for the consideration of H.R. 12388.

H. Res. 1115. March 29, 1976. Sets forth the rule for the consideration of H.R. 12406.

SENATE—*Monday, April 26, 1976*

The Senate met at 12 noon and was called to order by the Acting President pro tempore (Mr. METCALF).

PRAYER

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

Let us pray:

In the morning and the evening and the noonday, we praise Thee, O God.

The world about us proclaims the beauty and the wonder of Thy Creation.

And we who are created in Thy image, would make known Thy wisdom and Thy power in our daily lives.

Fit us, O Lord, for the work before us.

Order our lives according to the pattern of Him who went about doing good.

Watch over this Nation, ever guiding by Thy higher wisdom, the President, the Congress, the judiciary and all whom we have set in authority over us, to the end that we may be a people mindful of Thy favor, obedient to Thy law and glad to do Thy will.

Through Him, in whose service is perfect freedom. Amen.

THE JOURNAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Wednesday, April 14, 1976, be dispensed with.

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

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Select Committee To Study Governmental Operations With Respect to Intelligence Activities be authorized to meet during the session of the Senate today.

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

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

ORDER FOR THE RECOGNITION OF SENATOR PROXMIRE AND SENATOR GOLDWATER ON FRIDAY, APRIL 30, 1976

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on Friday, after the two leaders or their designees have been recognized under the standing order, Mr. PROXMIRE and Mr. GOLDWATER be recognized, each for not to exceed 15 minutes, and in that order.

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

WAIVER OF CALL OF THE CALENDAR

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to waive the call of the calendar under rule VIII.

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

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Does the Senator from Pennsylvania desire recognition?

Mr. HUGH SCOTT. Mr. President, I ask unanimous consent that I may yield the time usually allotted to me at this period to the distinguished Senator from Arizona (Mr. GOLDWATER) should he need it.

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

Mr. HUGH SCOTT. I yield back the remainder of my time.

The ACTING PRESIDENT pro tempore. Does the Senator from Arizona desire the time at this time?

Mr. GOLDWATER. I wish to reserve the time allotted to me until my proper time.

The ACTING PRESIDENT pro tempore. Yes, that is what the Chair understood.

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

B–1 BOMBER, PART 1: COSTS RISE AND PERFORMANCE SLIPS

Mr. PROXMIRE. Mr. President, with $24 billion at stake, it is essential that the American public have a balanced view of the B–1 bomber program. Therefore, I will give a series of six speeches in the Senate on the B–1 and invite the Air Force to comment on each. I sent a copy of this speech to them 2 or 3 days ago. I have received a reply, and I will place their response in the RECORD following my speech.

Today begins the first on the subject of B–1 costs and performance slippage.

The goal is to have a public debate without recourse to exaggeration or distortion.

I expect the Air Force to disagree with my analysis. They favor the B–1. I oppose it.

The public is entitled to make up its own mind. I hope that in this exchange the American public will be presented with enough information to form independent conclusions and let the Congress know how to vote on this controversial weapons system.

Mr. President, the materials for my speeches have been collected, analyzed, and prepared by a group of aerospace scientists and engineers who have working familiarity with the B–1 bomber program. I appreciate their cooperation in this effort.

I. B–1 COSTS AND PERFORMANCE SLIPPAGE

B–1 costs have shot up from an initial estimate of $35–40 million [1] per plane to a current estimate of $84.3 million.[2] And senior defense officials have told Congress that the bomber is expected to cost more than $100 million each.[3] This would put total B–1 program costs at more than $24 billion, nearly three times the original program estimates. The Air Force claims that simple inflation is responsible for almost all of this 300 percent cost growth. But simple inflation is not the only factor responsible for the B–1's skyrocketing costs. Rather, the technological difficulty of producing such an unnecessarily sophisticated aircraft has been an important factor in pushing costs up. This cost of $84.3 million can be expected to increase before long, or the capibilities of the B–1 will be further degraded, as the problems that crop up during the test program force modifications in the plans for the production aircraft.

The high cost of the B–1 is disturbing enough. Yet these escalating costs have

Footnotes at end of article.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

been accompanied by a stream of performance degradations in an attempt to hold down costs. These degradations make the B–1 much inferior to the bomber the Air Force discusssed 6 years ago. If the Air Force had to build the B–1 to meet the specifications that seemed so necessary 6 years ago, the B–1 cost would jump far beyond $100 million per plane. Thus, the Air Force has sought to hide cost growth by tolerating a continuing decline in the performance of the B–1.

A partial list of these performance slippages is:

Reduced range and/or payload;
Increased weight;
Reduced maximum speed;
Longer required takoff distance;
Lower refueled altitude;
Increased landing distance;
Increased dependency upon tankers;
Reduced number of R. & D. aircraft;
Elimination of infrared suppression devices;
Elimination of self-contained crew capsule;
Elimination of low light level TV;
Reduced avionics; and
Reduced use of titanium.

These reductions in performance and structure detract from the B–1's ability to perform its basic mission. They also diminish whatever margin of advantage the B–1 has over other bomber alternatives. It is no wonder that the GAO found the B–1 to have incurred significant reduction in planned performance and was behind schedule 12 months or more.[4]

It is interesting to compare the B–1 as envisioned by the Air Force in 1969, when the sizable funding requests began with the B–1 that is now likely to emerge:

So all in all, we think that the airplane is very close to the airplane that we had in mind in 1970 when we began the program.*

B–1 PERFORMANCE REDUCTIONS SINCE 1969
[Superscripts refer to references listed below]

	1969	1975
Range	10,000 mi.[1]	6,100 mi. or less [3 4]
Take-off weight	370,000 lb.[1]	395,000 lb.[5]
Take-off distance	2,500 ft.[1]	7,500 ft.[3]
Penetration speed	Mach 1.2 [1]	Mach 0.85 [7]
Advanced avionics	Yes [1]	No, off-the-shelf [7]
SRAM's carried	32 [1]	24 [3]
Infra-red suppression devices	Yes [2]	No [2]
Separate crew module	Yes [7]	No [7]
Low light level TV	Yes [2]	No [2]
Number of prototypes	7 [2]	3–4 [2]
Top speed	Mach 2.2 [7]	Mach 1.6 [6]
Payload	100,000 lb.	[1]50,000 lb.[7]

[1] Space Aeronautics, January 1970, page 69.
[2] Senate Armed Services Committee Hearings, FY 1976. Volume 10.
[3] "Gallery of USAF Weapons," Air Force magazine, May 1975, page 112.
[4] Bisplinghoff Report.
[5] Aerospace Daily, May 15, 1975, page 19.
[6] Aviation Week and Space Technology, June 16, 1975, page 18.
[7] "B–1 Strategic Bomber Program," I.B. 15040, Congressional Research Service, June 12, 1975.

B–1 PERFORMANCE SLIPPAGE

A. RANGE

How serious are these performance reductions? One of the most serious is the range reduction. According to the panel of experts assembled at the request of the Secretary of the Air Force, the subsonic range of the B–1 will most probably be reduced by 11 to 18 percent from its design specification and may even be reduced by 20 to 29 percent.[5]

A 29-percent range reduction amounts to reducing the B–1's range from 6,100 [6] to 4,330 nautical miles. This would almost make the B–1 a medium-range bomber. It should be noted that the range of the much-maligned FB–111 is 4,100 nautical miles.

The B–1's range reduction detracts from its target coverage ability, limits its evasive maneuvering capability, slashes its loiter time at the fail-safe point, makes the B–1 ever more dependent upon potentially vulnerable tanker support, and virtually eliminates the ability of the B–1 to ever use its fuel-hungry supersonic capability. As this shows, range is a critically important parameter for a strategic bomber. Some of this range reduction can be restored, but only by sacrificing generous portions of its payload weight or by increasing its dependence upon substantial tanker support. And higher payload was supposed to have been one of the advantages of the B–1 over the B–52 that justified expending billions of dollars for the new bomber.

In contrast to the B–1's shrinking range, the B–52 as it currently exists is the world recordholder for unrefueled range, at 12,500 statute miles.[7] Of course, in a strategic mission its range would be less than this, but it is probably greater than that of the B–1. It is noteworthy that the Air Force does not claim that the B–1 range matches that of the B–52.

And this B–52 critical range superiority does not take into account the significant increase in B–52 range which the Air Force admits can be gained by fitting it with new jet engines.[8] The same kind of engines that contribute to the performance of the 747 and other wide-body transports can increase the range of the B–52 by 20 to 30 percent, judging from the improvement in thrust specific fuel consumption of the new engines. This would give the B–52 a maximum unrefueled range of 16,000 statute miles and a similar increase in mission range. This would not just reduce the B–52's need for tanker support, it would virtually eliminate it.

Thus a reengined B–52 would not require a new tanker at all, saving additional billions of dollars. The Air Force could thus use many of SAC's KC–135's for other important military uses. One such use could be to use the KC–135's or other wide-bodied jets as standoff bombers themselves. They are capable of carrying long-range cruise missiles and thus would provide a low-cost improvement to our strategic forces.

One might well ask how it is that, with a $20 billion program price tag, the B–1 will not have a significantly greater range than the B–52. There are several answers for this, but the primary reason is the B–1's unnecessary supersonic capability. By making the B–1 supersonic the Air Force was forced to compromise the B–1's all-important subsonic performance. Wing, fuselage, and especially engine design all suffered, since the design requirements of supersonic and subsonic flight differ substantially. The result was degraded range.

B. TAKEOFF WEIGHT

The B–1 takeoff weight has increased from a planned 360,000 pounds to a current 395,000 pounds.[9] This heavier weight reaches the design limit of the structure and landing gear of the plane for takeoff and taxi operations.[10] Thus, because the B–1 has reached its structural weight limitation, there is no potential for adding more avionics or weapons without further reductions in the presently planned range and payload capability or without increased tanker dependence.

In fact, the weight problem for the B–1 is already so critical that when it is fully loaded with 24 SRAM's—this would exceed the maximum takeoff gross weight if it is fully fueled.[10a] And the current B–1 avionics package, which is pushing up against this weight limit, has been described as austere.

C. SPEED

The Air Force notified Congress in 1975 that the top speed of the B–1 was being dropped from 2.2 times the speed of sound—mach 2.2—to mach 1.6. This means that the Air Force is giving up exactly half of the B–1's supersonic capability. Unfortunately this change comes much too late in the program for the overall design requirements to be relaxed so as to significantly reduce program costs.

D. INCREASED TAKEOFF DISTANCE

The 15-percent increase in takeoff distance of the B–1 reported by the Air Force [11] will reduce its dispersability and hence its prelaunch survivability. The B–1's takeoff distance of 7,500 feet is not appreciably less than the B–52's 9,580 feet.[12] Thus another supposed advantage of the B–1 over the B–52 appears to be melting away.

E. INCREASED TANKER DEPENDENCE

The decreasing range of the B–1 increases its need for refueling and thus its dependence on tanker support. Therefore the B–1's survivability will depend even more upon the survivability of the tanker fleet.

F. AVIONICS REDUCTION

Mr. President, another B–1 capability that was slashed for cost reasons is much of its electronic countermeasures equipment—ECM included in the term "avionics." Avionics equipment is used to jam the enemy's radar, confuse their efforts to track and destroy the B–1, and improve its flight characteristics, especially "on the deck"; that is, flying close to the ground to avoid enemy radar.

On the importance of ECM to a penetrating bomber, the Air Force Joint Strategic Bomber Study concluded:

The ECM suit for both the B–52 and the B–1 were shown to be effective, but the extreme sensitivity of the performance of the penetrating bomber to the quality of its ECM was manifest. This sensitivity is so crucial that continuous re-evaluation of ECM interactions are required over the long term.[13]

Back in 1970 the Air Force was still in the process of deciding how much avionics they could include in the proposed B–1 design without driving the cost of the B–1 up to even more embarrassing heights.

The ultimate decision was to use a potpourri of avionics equipment from existing aircraft rather than to develop new avionics based on the latest technological advancements. The bomber would be all new but its critically impor-

*Statement of Secretary of the Air Force John L. McLucas before the Senate Armed Services Committee, February 1975, page 853.

Footnotes at end of article.

tant avionics systems would be borrowed.

Relative to the B–1's avionics systems, it should be noted, that when the programme was first conceived, an ambitious parallel avionics development was envisaged to push the state of the art to match that of the high performance aircraft. This was abandoned because of soaring costs and the B–1 instead been/sic/ designed with "off the shelf" avionics systems, many of them from the FB–111, F–14 and A–7.[14]

Consequently, the B–1 will be built with only 60 percent of its potential avionics capacity and this will consist largely of off-the-shelf items.[15]

The Air Force has attempted to turn a deficiency into an advantage by arguing that this gives the B–1 reserve capacity for later weight growth in avionics. Certainly, growth potential is important, but in terms of avionics, the $100 million bomber as procured will offer little advantage over the current B–52. In view of the critical dependence of a bomber's penetration ability on its avionics, this raises some question as to how much better a penetrator the B–1 will be compared to the B–52.

G. ADDITIONAL COSTS

The $84.3 million price tag on each B–1 is only part of the cost picture. The Air Force has defined the B–1 program cost to the Congress in such a way as to exclude several major cost elements which will be incurred if the B–1 is produced and flown. These additional life-cycle costs are addressed below, and total to the staggering sum of over $40 billion.

Full life-cycle costs, and not just simple procurement costs, need to be considered by the Congress. As the GAO reported to the Congress in 1974:

The costs of additional pilots, navigators, mechanics, training, facilities, aircraft, operation, and maintenance are needed in order to have meaningful comparative costs of the (bomber) alternatives. Consideration also should be given to "full-force" life-cycle costing; i.e., including the cost of the tankers needed under each alternative and the cost of the missile payload.[16]

1. WEAPONS PAYLOAD COSTS

The B–1 price does not include the cost of the weapons it will carry. Each B–1 will carry 24 SRAM's or ALCM's. At $500,000 each,[17] the B–1 weapons cost will be an additional $12 million per plane and $3 billion for a fleet of 243. For SRAM this includes the costs required to reopen the SRAM production line.

2. OPERATIONS AND MAINTENANCE

The B–1 will not be costless to operate and maintain. Assuming that B–1 direct O. & M. costs are 3 percent annually of program unit costs,** the 10-year direct operating costs for the B–1 will be $26 million per plane and $6.3 billion for the program as a whole. This assumes that the B–52 is kept in the inventory even after the B–1 is procured, which Air Force officials have stated in the past will occur.[18]

There are indirect costs associated with the B–1, such as aircrew, and personnel training, depot operation, and personnel medical care. Estimating these at half the direct operating costs or 1.5 percent annually, the 10-year indirect operating costs for the B–1 will be $13 million per plane and $3.1 billion for the program as a whole. The above figures for direct and indirect operating costs are lower than those cited elsewhere.[19]

3. TANKER COSTS

Another important aspect of the B–1 cost picture is the question of tanker costs. Since the B–52G/H will be retained in the SAC inventory through the 1990's, the introduction of the B–1 will require additional tanker support.

The Air Force often argues that the B–1 does not need a new tanker. What they really mean is that the B–1 is compatible with the existing KC–135 tankers. However, the B–1 does need additional tanker support, and desperately so. In spite of the deletion of 75 B–52D/F's, the addition of 241 B–1's to SAC will result in our strategic bomber force requiring more tankers than is now the case. To get that additional tanker support we must procure new tankers and KC–135's are no longer in production. Hence, it is accurate to say that we will need a new tanker if the B–1 is purchased.

New tankers will be required at a bomber/tanker ratio of between 1:1 and 2:1. The type of new tanker usually discussed is a modified version of either the 747 or DC–10. At a unit cost of $45 million for the 747,[20] tanker procurement for the B–1 would run $10.8 billion for 240 tankers or $5.4 billion for 120 tankers. Assuming the same 3 percent and 1.5 percent of procurement price direct and indirect annual operation and maintenance costs for the tankers, adds another $2.4 to $4.9 billions for 10-year tanker O. & M. Taking the average of these figures gives tanker 10-year life-cycle costs of $11.7 billion.

If the B–1 is not procured, new tankers for SAC will not be required for another decade, thus avoiding a sizable cost. And if the B–52's are modified with new engines, as the Air Force proposes for the KC–135, many of SAC's existing tankers could be applied to tactical requirements, since the B–52 would then require little or no tanker support.

4. FUTURE COST INCREASES DUE TO AVIONICS

The B–1 as proposed will carry only 60 percent of its potential avionics payload, and this will consist of a collection of off-the-shelf items, rather than the best systems that current technology can provide for the B–1.[21] It is inevitable that after the production decision is made the Air Force will need and request new avionics for the B–1, if it is to be effective until the end of its useful life, 2010.

If the full avionics payload is filled this will amount to an additional 4,000 pounds. A conservative estimate of avionics cost is $1,000 per pound.[22] At this rate the Air Force will need $4 million more per airplane or a total of about $1 billion in total program cost.

Mr. President, in my closing minutes I want to summarize the Air Force rebuttal to my speech.

First, the Air Force argues that the B–1 program is well-managed and that cost growth is within reasonable limits—11 percent since 1970 not counting inflation. Thus in constant dollars, the program has little cost increase.

Second, the Air Force disagrees with a number of the performance degradations cited in my speech. These are detailed in the accompanying letter from Secretary of the Air Force Thomas Reed, which I will include in the RECORD.

Mr. President, these arguments are very interesting but they do not dispell my primary concerns. Unfortunately, the Congress does not appropriate in constant dollars. And the taxpayers of this country do not pay taxes in constant dollars. If only we could. We have to pay in real year dollars. That means we have to pay for inflation—like it or not. And the B–1 has grown so inordinately expensive that it is draining resources away from other Air Force projects. The Air Force does not deny that the B–1 will cost over $21 billion or $84 million for each aircraft.

Likewise, the Air Force does not disagree that a number of performance indicators have been degraded since the original proposal was presented to Congress.

The Air Force Secretary then states that these particular performance criteria are not as important as the mission of the B–1 and how it is carried out. That seems to be a reasonable point and one that I will address in detail in the next B–1 bomber speech.

Mr. President, the Air Force reply raises a number of other questions. For example, they say that only some B–1 bomber characteristics have been degraded. My question is which ones had how much?

They argue that the official performance requirements are different than those cited in various aerospace magazines. In that case, let us have a chart with the original performance statistics with the current statistics side by side so we can see the differences.

They say that modifying the B–52's with new engines will somewhat improve its range. In that case, how much improvement and what would it cost? What studies have been done and are they publicly available?

They say that the KC–135 could not be used as a standoff bomber platform. If that is the case, then does the same argument hold for modified 747's or wide-bodied jets?

They argue that my life cycle costs are too high. In that case, I hope the Air Force will supply the exact life cycle costs of the B–1 including all of the specific items I mentioned.

Mr. President, I have a number of other questions about this statement including issues the Air Force has extracted without my qualifications. But I want to thank the Air Force Secretary for making it available to me. Perhaps in this exchange of questions and answers, point and counterpoint, the full B–1 bomber story will be made public.

Mr. President, I ask unanimous consent that certain footnotes, a letter I wrote to the Secretary of the Air Force, the reply of the Secretary of the Air Force to my speech, together with material detailing and describing the position that I take and that the Air Force takes in rebuttal, a point-by-point re-

** This figure agrees with the current bomber support costs of $740 million annually, which is $2 million per B–52. (HASC No. 94–8, p. 510.)

Footnotes at end of article.

buttal which they have offered, be printed in the RECORD.

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

FOOTNOTES

[1] In 1970 dollars including total program RDT&E of $1.8 billion *Astronautics and Aeronautics*, June 1971, page 6, Congressional Record, June 2, 1969, page S5871.

[2] *Armed Forces Journal International*, April 1975, page 22.

[3] *Aviation Week*, 24 March 1975, page 19.

[4] ". . . Schedule Slippages/Performance Degradations Reported," Defense/Space Daily, February 10, 1975, page 23.

[5] Report of Ad Hoc Management Review Committee on the B–1 to the Air Force Secretary McLucas, November 1973.

[6] "Gallery of USAF Weapons," *Air Force Magazine*, May 1975, page 112.

[7] *Jane's All The World's Aircraft 1963—1964; Modernizing the Strategic Bomber Force*, A. H. Quanbeck, A. L. Wood, (1976), page 25.

[8] Senate Armed Services Committee Hearings, FY 1976, page 5616.

[9] *Interavia*, February 1975, page 134.

[10] Fiscal Year 1975 Authorizations for Military Procurement, Part 7, pages 3979–3980; also special GAO report on B–1.

[10a] Sen. Goldwater, Senate Armed Services Committee Hearings, March 4, 1975, page 2013

[11] Senate Armed Services Committee, FY 1976 Hearings, page 5559.

[12] *Standard Aircraft Characteristics: B–52H*, USAF, June 1969, (unclassified).

[13] Statement by Malcolm R. Currie before the Senate Armed Services Committee, 1975.

[14] *Interavia*, page 136, 2/1975, "Rockwell International's B–1 Bomber at a Critical Point." J. Philip Geddes.

[15] Astronautics and Aeronautics, June, 1971, page 7; Senate Armed Service Committee, Part 10, FY76, page 5579.

[16] Comptroller General's Report to the Congress, "Study of Alternative Courses of Action for the Strategic Manned Bomber, Department of the Air Force B-178845," 17 April 1974.

[17] *Modernizing the Strategic Bomber Force*, Quanbeck and Wood, Brookings Institution, 1976, page 31.

[18] Department of Defense Appropriations, 1975 Hearings, Part 4, page 572.

[19] Quanbeck and Wood, op. cit., page 26.

[20] *Aviation Week and Space Technology*, "Tanker Selection," April 28, 1975, page 30.

[21] Senate Armed Services Committee, Part 10, page 5578, FY76.

[22] Ibid., page 5579.

APRIL 21, 1976.

Hon. THOMAS C. REED,
Secretary of the Air Force,
Washington, D.C.

DEAR MR. SECRETARY: Beginning on Monday, April 26th, I will be making a series of six speeches in the Senate on the issue of the B-1 bomber. My objective is to present the concept of the supersonic manned bomber and the alternatives to it before the American public in such a form that enlightened decisions can be made.

I know you share these objectives, although you undoubtedly would disagree with my conclusions with regard to specific B-1 arguments.

In order for the public to have all sides of the issue discussed, I invite you to respond to my speeches in writing. I will then put your response in the Congressional Record so that it has the same exposure as my remarks.

It is my intent to carry out this public debate in an objective manner based on facts available in the open literature. There may be items on which I am mistaken. Likewise I may disagree with Air Force conclusions or data. But the point is that a rational debate would serve the purposes of all parties.

I hope you will want to cooperate in this spirit.

Sincerely,

WILLIAM PROXMIRE,
U.S. Senator.

DEPARTMENT OF THE AIR FORCE,
Washington, D.C.

Hon. WILLIAM PROXMIRE,
U.S. Senate.

DEAR SENATOR PROXMIRE: From my study of your April 26th speech, I would summarize the major thrust of your remarks as follows. You claim a threefold increase in program cost, with other "hidden" costs still to come. You then cite a number of purported performance degradations which raise questions in your mind as to the B–1's capability to perform its mission. You conclude from these arguments that the B–1 should not be produced. I have attached to this letter detailed responses to your individual arguments, but I would like to address these major premises explicitly.

Implicit in your cost analysis is a criticism of program management which I feel must be corrected. The B–1 program costs have increased over the years. However, measured in constant uninflated dollars—the only fair measure of management-related cost control—the program has increased from $9.9B to $11.1B. Most of this overall growth occurred in the early years of the program as experience with new technology modified our earlier parametric calculations. Since December of 1973, the program costs have been stabilized in real terms. This average growth of 2% per year since 1970 marks the B–1 as one of the best managed programs in DOD history, especially when the size and complexity of the development tasks are considered. As did the rest of society, the Air Force underestimated the impact of inflation, which has driven the dollar cost of the B–1 program to $21.6B. Of the total increase, however, 89% is solely attributable to inflation while real cost growth accounted for 11%.

With regard to the B–1 performance, the majority of the changes in specifications occurred in prior years, mostly in 1973. As with costs, the test program has stabilized and, according to Major General Tom Stafford (former Apollo Commander and now in charge of the Air Force Flight Test Center) is "the most successful of any test program the Flight Test Center has seen to date."

Some of the performance changes you cited were accurate; many were not. However, I would suggest that the relevant point for productive debate is not the number of adjustments made, nor even their absolute magnitude, but rather the capability of the production aircraft to perform its design mission. Regardless of historical information and despite marginal engineering and performance changes, the production B–1 will be able to take off safely from the same operational bases, fly the same speed and altitude profile on its low altitude penetration mission, deliver the same payload on the same targets with the same accuracy and reliability as the aircraft Congress approved for development in 1970.

Moreover, many of the performance criteria used for comparison in your speech were extracted from sources such as magazine articles and differ sharply from the performance objectives provided to Congress in the initial B–1 submission. I question the appropriateness of basing operational comparisons on such unauthoritative data, as well as comparing performance of aircraft in widely different configurations and profiles. For example, you relate the B–52 unrefueled range of 12,500 statute miles at one point and elsewhere stipulate a B–1 range in nautical miles well below that which is being attained. Range comparisons expressed in such different units could confuse the observer since a nautical mile is longer than a statute mile. Also, implying a comparison between an aircraft primed for a high altitude record run with a tailwind and another fully loaded aircraft flying a low altitude combat profile could detract from the objective public analysis of the facts in which both of us are interested.

In sum, I remain convinced that B–1 program costs are stabilized and well managed. The money spent on the B–1 will procure a strategic capability essential for our national security. The B–1 will be a formidable and highly capable element in our deterrent arsenal, one which hopefully will assure that it need never be used in war.

I look forward to continuing dialogue on this critically important subject.

Sincerely,

THOMAS C. REED,
Secretary of the Air Force.

SENATOR PROXMIRE	FACTS
B–1 program cost has increased 300%.	In real terms, B–1 Program cost has increased 12% since 1970. There has been zero real cost growth since 1973. Inflation accounts for additional growth of 81%.
Performance has been degraded to the point that the B–1 is no longer effective in its design mission.	The B–1 can effectively perform the same combat mission as originally required. Same mission profile. Same penetration altitude and speed. Same accuracy. Same payload. Completely covers the target structure of the future.
Cites Space Aeronautics, Jan. 70 as source of original requirement.	Official performance requirement and estimate submitted to Congress in 1970 are substantially different than cited by the Senator. For example: range requirement was approximately 6000NM as opposed to magazine quote of 10,000NM.
Implies that B–1 range has been reduced to the point it is not much more than FB–111 range which he quotes as 4100 NM.	The paper reduces the range of the B–1 well below what is being demonstrated today. An erroneously degraded range is used to compare the B–1 on its combat profile (carrying a heavy payload and with extensive low altitude, high speed flight) with the FB–111 at its maximum possible range which is flown at high altitudes with no weapon payload.

SENATOR PROXMIRE	FACTS
States that the B–52 range is far greater than that of the B–1 and cites the 12,500 statute mile B–52 record as proof. Also states that new engines would give the B–52 16,000 statute mile range.	The range capabilities of the B–52 and the B–1 are very comparable when performing the same combat mission. The 12,500 statute miles figure is very misleading. This was established on a record run by weight reduction, fuel conserving techniques, no payload, high altitude and insuring a tailwind. This in no way is representative of the way the B–52 would be flown on a combat mission. But the speech then compares this B–52 flight with a B–1 combat profile with a very large payload. Modifying the B–52s with a new engine would somewhat increase its range. More importantly this would not improve the most critical parameters: nuclear hardness, flyout speed, penetration speed, radar cross-section, payload, and growth potential—all of which are inherent design features of the B–1. Such an alternative has been studied in detail, but clearly has been demonstrated not to be cost effective.
Suggests that KC–135s could be used as standoff bombers at low cost.	This proposal is not practical. The KC–135 has most of the fuel for transfer within the fuselage. Furthermore, the KC–135 requires the use of the full runway lengths at virtually every base. A modification to carry a standoff missile would be very expensive, requiring extensive rework of the aircraft. The result would be an aircraft with greatly degraded takeoff and range capabilities and would carry only a few missiles.
Life cycle costs need to be considered. In B–1 cases they would add 40 billion dollars to the program. A new tanker will be required.	We agree that life cycle costs should be an important factor in any weapon system; however, the figure $408B is grossly overstated. For example, the 8 to 16 billion dollar price tag attributed to the air refueling force is actually 4 to 8 times what will be required. When the total cost of ownership is considered, the B–1 clearly demonstrates its cost effective advantages over any alternative examined. When measured in real terms (inflation eliminated), the cost of ownership of the B–1 force during its lifetime will be substantially less than that for the B–52 force, a force which has made a very cost effective contribution. Deployment of B–1 will not require procurement of additional tankers. Furthermore, the B–1 is more efficient than B–52 in deep penetration mission.
Avionics reductions compromise mission.	No compromise on B–1 mission has been made. The B–1 avionics will provide the required navigation, weapons delivery, and penetration capability. The B–1 ECM equipment will incorporate the latest state-of-the-art capability.
The supersonic capability is not needed and degrades range.	The supersonic capability preserves the high-altitude, high-speed penetration option and thereby complicates and stresses the enemy defenses. The B–1 will have sufficient range with the supersonic features to effectively perform its combat mission; most supersonic features are required for efficient operation at high subsonic speeds at low altitude—i.e. swept wing and "low" by-pass engines.
The change in supersonic capability from 2.2 Mach to 1.6 Mach comes too late to be of significance in redesign.	1.6 Mach stresses the enemy defenses nearly as much as 2.2 Mach. Design changes are nominal and the 2.2 Mach potential is retained and can be restored for 1% of program costs if this becomes desirable.
The B–1s takeoff distance is not appreciably less than the B–52s.	The difference is very significant. The B–52G takeoff distance of 10,500′ is 40% greater than the B–1 takeoff distance of 7,500′. A very large number of airfields are in between these lengths. The B–1 will be able to use twice as many runways as the B–52.
The B–1 has increasing reliance on tankers; therefore, survivability will depend even more on survivability of tanker.	The statement is incorrect. The B–1 can deliver its payload on most critical targets without refueling—refueling provides better tactics and deeper penetration. Tankers are important but their loss doesn't make B–1 ineffective.

Mr. PROXMIRE Mr. President, I yield the floor.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order entered at the request of the Senator from Pennsylvania, the Senator from Arizona is recognized for 10 minutes.

Mr. GOLDWATER. I thank the Chair.

Mr. ROBERT C. BYRD. Mr. President, if the Senator will yield, would the Senator need any additional time?

Mr. GOLDWATER. I doubt it very much. I do not believe I have 10 minutes.

Mr. ROBERT C. BYRD. Very well. My thought was I would yield additional time to the Senator.

Mr. GOLDWATER. I thought I had some time on my own.

The ACTING PRESIDENT pro tempore. The Senator had 5 additional minutes on morning business and that will be the next order.

Mr. GOLDWATER. Well, I think we are in good shape.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that I may yield 5 minutes of the majority leader's time to the Senator to make it 15 minutes.

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

Mr. GOLDWATER. I thank my friend from West Virginia.

The ACTING PRESIDENT pro tempore. The Senator is recognized for 15 minutes.

THE B–1 BOMBER

MR. GOLDWATER. Mr. President, I am very happy that Senator PROXMIRE has decided to open a formal debate on the B–1. I am very happy that he is sending a copy of his proposed remarks to the Secretary of the Air Force so that the Secretary may have an opportunity to answer.

As he might suspect, I am also privy to these remarks and I intend to formally answer each morning after he has finished his remarks.

Mr. President, Senator PROXMIRE has indicated in his first speech that the materials for his speeches have been collected, analyzed, and prepared by a number of aerospace scientists working independently of the Department of Defense. I think it is absolutely necessary that the Senator name these scientists, name their backgrounds, and credentials and, most importantly, have they ever seen the B–1? I suggest this because I intend to answer each speech of the

Senator's and my material will be supplied by experts in the Air Force, experts with Rockwell International and others, including those men who have been test flying the aircraft and who have been doing the maintenance work on it for the past period of a year, and from the fact that I have been associated with this development ever since its inception. I have not only seen the aircraft, I have flown it.

In fact, it was my pleasure during the Easter vacation to have flown this aircraft and to have spent about 4 hours on the ground visiting in detail with the so-called problems of this particular aircraft.

For example, the material prepared for me by the Air Force did not include some answers to some very glaring mistakes made by the Senator in his first speech. Let us take a look at a few of them. On page 3 of his remarks he claims that takeoff distance was once suggested as 2,500 feet. I will remind the Senator that very few private aircraft can take off in that distance and the B–1's takeoff distance is between 5,500 and 7,500 feet—which, in my opinion, with this type of aircraft, its weight, and its thrust, is remarkable.

The separate crew module has been eliminated because of expenses and because of some question as to its aerodynamic capability once it is released.

Mr. President, the fight on that over 6 years ago pointed out the instability of the capsule, that it would contain four to six men, and could very well tumble so fast that not a man in it could survive. So after ship No. 1, the aircraft ejection will be up to the individual person. It saves about $1 million an airplane.

Neither infrared suppression nor low light level TV are definitely eliminated from this aircraft. He must keep in mind that the first test model probably has no avionics aboard except normal ones and those used for telemetry.

I will confirm that by saying that the only avionics aboard No. 1, which is being flown now, are those avionics necessary for normal flight and they provide telemetry back to the base to tell what the aircraft is doing.

When you speak of penetration speed the Senator should talk about altitude, and I remind him that mach 1 in any aircraft is hardly attainable below 10,000 feet but, mach 0.85 is and I have achieved it at 500 feet above the ground.

The aircraft has not been flown at its highest mach number, but I have every reason to believe that it will go to mach 1.2. At another place in his paper he indicates that the B–52 would have an unrefueled range of 12,500 statute miles.

A B–52 took off from Guam and flew to Spain without refueling, a distance of 12,500 miles, but let me remind the Senator that this aircraft was completely empty, was completely filled with fuel and flew at the benefit of the great prevailing jetstream that can reach well over 200 miles an hour. If you want to fly the B–1 empty I imagine the range could go up to close to 9,000 miles. I might remind the Senator that one of the great deficiencies in our entire aircraft production today is a deficiency in new engines and this hurt across the board, so there are no new engines for the B–52 or, for that matter, any other aircraft we are working on.

I might add before getting into a general discussion of his comments that I have observed tanker hookups with the KC–135 and have performed one dry run with the same aircraft, and there is absolutely no trouble in doing this and there is no need for additional tankers if we consider the B–1 alone. It is just that the Air Force needs additional cargo aircraft which could double as refueling ships, and we are talking about them but we do not need them specifically for the B–1.

At the outset, so there will be no misunderstanding, I will state that the B–1 can accomplish the strategic deterrent mission it was designed for. Any allegations that the Air Force has allowed the operational capability of the aircraft to deteriorate to the point that its ability to perform its mission is in question are simply not true.

The Air Force has succeeded in controlling cost on this program. The real cost of the program, expressed in constant dollars in order to measure program management and not general economic conditions, rose about 12 percent from 1970 to 1973. As the idea of a B–1 in 1970 turned into sets of engineering drawings and pieces of metal in 1973, the estimated cost also evolved from a paper estimate to a much more finely tuned evaluation. In 1973, the total program was priced at $11.1 billion in constant 1970 dollars. Now, almost 2½ years later, the cost estimate remains the same. This is a remarkable achievement. It is even more remarkable when the effects of congressional reductions are taken into account. Our activities—cuts of $25 million in fiscal year 1974, $54 million in fiscal year 1975, and $135 million in fiscal year 1976, and the transition quarter—have actually kept the Air Force from reducing the program cost growth.

But wait, detractors state—the 1976 aircraft is not the same as the 1973 or the 1970 aircraft. They are correct. But the Air Force continually evaluates the cost of different capabilities of the aircraft and the contribution of that capability to the performance of the overall mission. It takes development work to identify the cost of a particular capability. As this development work occurs, estimates of the defenses the enemy will display against the aircraft become firmer and technology becomes clearer. If the cost of the particular capability does not justify its presence in the aircraft, or the defense has changed to the point where it is not needed, or new technology is available to replace it with a less costly substitute, the Air Force makes the appropriate changes. This is the challenge to Air Force management—make the hard decisions to delete marginal capabilities that, although very desirable, do not pay their way in effectiveness.

I might interject, Mr. President, the fact that to obtain the 2.3 mach speed the President spoke of would have meant about an additional $1 million by providing flexible intakes for the engine. These have now been provided in No. 1. They will not be provided in follow-on aircraft unless the tactical and strategic needs show that we must have them.

We in the Congress want them to make these choices. We have railed against inclusion of unnecessary capabilities in weapons systems and now, when the Air Force takes some equipment out because its contribution proves too expensive as conditions change, we complain again. We cannot have it both ways.

The measurement of bomber capability is a very complicated process and there are many, and sometimes conflicting, measures of merit. Looking at individual performance parameters in isolation can be very misleading. The whole aircraft must be measured. If an aircraft can fly long distances but at a speed and altitude which makes it very vulnerable to enemy defense, it does not measure up—it is not effective. The B–52 was and is a fine aircraft. It will not, however, be able to effectively penetrate heavy enemy defenses in the mid-1980's without suffering severe losses. This is why the B–1 is required. Its combination of speed, low altitude, range, payload, avionics equipment, and hardness to nuclear effects will allow it to defeat the enemy threat. Extensive studies have shown that the B–1 is the most effective alternative for modernizing the strategic bomber force.

The Senator from Wisconsin compares the current B–1 performance parameters to those listed in an article in a 1969 magazine. Those parameters are not the ones decided upon and contracted for by the Air Force. Senators can look at a real performance comparison in the B–1 selected acquisition reports which are submitted quarterly to the Congress.

A comparison was made between the range record achieved by the B–52 and the B–1 range. This is like comparing a car prepared for the Mobil Oil gas economy run to a car being driven in Washington's rush hour traffic. The B–52 which established this mark was a new aircraft, it carried no weapons, it was prepared by experts and flown at the optimum speed and altitude for maximum range. The B–1 range is based on a typical combat configured aircraft, prepared by good men, full of weapons, and flown at speeds and altitudes necessary to avoid enemy defenses, not fly long distances.

The Senator contends that the supersonic capability is not needed and degrades range. Actually, the supersonic capability was added to allow the B–1 to take advantage of any weakness which occurs in the enemy defenses. Right now he is weakest against aircraft penetrating at low altitudes. At a future date he may become more vulnerable to high-level attacks. The B–52 was designed as a high-altitude penetrator but it had the flexibility to penetrate at low altitude when that opportunity presented itself. Rather than having to build another aircraft, the B–52 was used. The B–1 also has this flexibility—which will allow it to be used for many years. The B–1 was designed

for the primary low-altitude mission, and deletion of the supersonic capability, even if it was feasible at this time, would not significantly increase its performance in this role.

The Senator states that the B–1 has an increasing reliance on tankers and that it will require more and better tankers. Actually, the B–1 makes more effective use of the current tanker force than a B–52 performing the same mission and, when the role of the B–52 is changed from deep penetration to attack of fringe or less heavily defended targets, tankers will be freed for B–1 support. New tankers are not required to support the B–1.

The Senator indicates that the use of off-the-shelf avionics will compromise the mission of the B–1. The decision to use equipment already in being was carefully made. It was done only in those cases where it would be effective. Navigation equipment was found to be available from other aircraft and, in conjunction with new computer programs which link the various pieces, will provide the accuracy required.

I might add when this aircraft was in the design stages, even when it was in its basic test stages, we did not know of the Soviet SA–6 or SA–7. We now know of them. We now know of their highly created and highly developed ability to change frequencies at will. Our electronic countermeasures equipment have to be able to identify the change, isolate the change, and take proper action with weapons. That is another case where buying special avionics would have been a mistake.

In the case of the defensive avionics equipment—the ECM—an entirely new development is being accomplished using the most advanced technology available so that as the B–1 is deployed, it will possess the latest and best in electronic countermeasures equipment.

Finally, the life cycle cost figures cited in the Senator's remarks are grossly overstated. More important, the B–1 force will cost substantially less than the B–52 force to maintain and fly over the course of its lifetime.

In summary, the Air Force has done a fine job in developing an aircraft which will be able to perform its mission under extremely demanding circumstances. The aircraft will do its job better than any other and will be a cost-effective addition to our strategic forces.

Mr. President, I ask unanimous consent to have printed at this point in my remarks a further breakdown on the analysis and some added material pertaining to remarks made by the Senator from Wisconsin.

I repeat that I am glad that the Senator has opened this series of debates. I look forward with a great deal of pleasure of standing here in the Chamber and discussing with him this aircraft which is so vitally needed by the United States.

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

SENATOR PROXMIRE	FACTS
B–1 program cost has increased 300%.	In real terms, B–1 Program cost has increased 12% since 1970. There has been zero real cost growth since 1973. Inflation accounts for additional growth of 81%.
Performance has been degraded to the point that the B–1 is no longer effective in its design mission.	The B–1 can effectively perform the same combat mission as originally required. Same mission profile. Same penetration altitude and speed. Same accuracy. Same payload. Completely covers the target structure of the future.
Cites Space Aeronautics, Jan. 70 as source of original requirement.	Official performance requirement and estimate submitted to Congress in 1970 are substantially different than cited by the Senator. For example: range requirement was approximately 6000NM as opposed to magazine quote of 10,000NM.
Implies that B–1 range has been reduced to the point that it is not much more than the FB–111 range which he quotes as 4100 NM.	The paper reduces the range of the B–1 well below what is being demonstrated today. An erroneously degraded range is used to compare the B–1 on its combat profile (carrying a heavy payload and with extensive low altitude, high speed flight) with the FB–111 at its maximum possible range which is flown at high altitudes with no weapon payload.
States that the B–52 range is far greater than that of the B–1 and cites the 12,500 statute mile B–52 record as proof. Also states that new engines would give the B–52 16,000 statute mile range.	The range capabilities of the B–52 and the B–1 are very comparable when performing the same combat mission. The 12,500 statute miles figure is very misleading. This was established on a record run by weight reduction, fuel conserving techniques, no payload, high altitude and insuring a tailwind. This in no way is representative of the way the B–52 would be flown on a combat mission. But the speech then compares this B–52 flight with a B–1 combat profile with a very large payload. Modifying the B–52s with a new engine would somewhat increase its range. More importantly this would not improve the most critical parameters: nuclear hardness, flyout speed, penetration speed, radar cross-section, payload, and growth potential—all of which are inherent design features of the B–1. Such an alternative has been studied in detail, but clearly has been demonstrated not to be cost effective.
Suggests that KC–135s could be used as standoff bombers at low cost.	This proposal is not practical. The KC–135 has most of the fuel for transfer within the fuselage. Furthermore, the KC–135 requires the use of the full runway lengths at virtually every base. A modification to carry a standoff missile would be very expensive, requiring extensive rework of the aircraft. The result would be an aircraft with greatly degraded takeoff and range capabilities and would carry only a few missiles.
Life cycle costs need to be considered. In B–1 cases they would add 40 billion dollars to the program. A new tanker will be required.	We agree that life cycle costs should be an important factor in any weapon system; however, the figure $40B is grossly overstated. For example, the 8 to 16 billion dollar price tag attributed to the air refueling force is actually 4 to 8 times what will be required. When the total cost of ownership is considered, the B–1 clearly demonstrates its cost effective advantages over any alternative examined. When measured in real terms (inflation eliminated), the cost of ownership of the B–1 force during its lifetime will be substantially less than that for the B–52 force, a force which has made a very cost effective contribution.

Senator Proxmire	Facts
Avionics reductions compromise mission.	Deployment of B–1 will not require procurement of additional tankers. Furthermore, the B–1 is more efficient than B–52 in deep penetration mission.
The supersonic capability is not needed and degrades range.	No compromise on B–1 mission has been made. The B–1 avionics will provide the required navigation, weapons delivery, and penetration capability. The B–1 ECM equipment will incorporate the latest state-of-the-art capability.
	The supersonic capability preserves the high-altitude, high-speed penetration option and thereby complicates and stresses the enemy defenses. The B–1 will have sufficient range with the supersonic features to effectively perform its combat mission; most supersonic features are required for efficient operation at high subsonic speeds at low altitude—i.e. swept wing and "low" by-pass engines.
The change in supersonic capability from 2.2 Mach to 1.6 Mach comes too late to be of significance in redesign.	1.6 Mach stresses the enemy defenses nearly as much as 2.2 Mach. Design changes are nominal and the 2.2 Mach potential is retained and can be restored for 1% of program costs if this becomes desirable.
The B–1s takeoff distance is not appreciably less than the B–52s.	The difference is very significant. The B–52G takeoff distance of 10,500' is 40% greater than the B–1 takeoff distance of 7,500'. A very large number of airfields are in between these lengths. The B–1 will be able to use twice as many runways as the B–52.
The B–1 has increasing reliance on tankers; therefore, survivability will depend even more on survivability of tanker.	The statement is incorrect. The B–1 can deliver its payload on most critical targets without refueling—refueling provides better tactics and deeper penetration. Tankers are important but their loss doesn't make B–1 ineffective.

Senator Proxmire. It is interesting to compare the B–1 envisioned by the Air Force in 1969, when sizable funding requests began, with the B–1 that is now likely to emerge. (A table containing a "1969" column and a "1975" column is included.)

Air Force Comment. The 1969 performance parameters shown in Senator Proxmire's statement do not represent an aircraft ever approved by the Air Force for inclusion into the strategic forces. It has never been envisioned that a single aircraft could simultaneously embody all of the characteristics listed in the "1969" column. After an intensive process of conducting cost, performance, and schedule trade-offs, a realistically attainable aircraft emerged in 1970 and this aircraft bore scant resemblance to that described in the "1969" column.

While the specifications under "1975" are not completely accurate—and the exact figures are in some cases classified—they do approximately describe the current B–1, an advanced high-quality aircraft eminently capable of performing its strategic mission.

Senator Proxmire. Air Force Bisplinghoff review group stated B–1 subsonic range could be reduced by up to 29%.

Air Force Commment. The Bisplinghoff Committee assessed the expected performance of the B–1. To convey the range of uncertainly that existed in its estimates, the committee outlined three levels of performance: a "Possible" Status, a "Most Probable" Status, and a "Reasonably Adverse" Status. The worst case estimate indicated possibly an 18% total reduction in subsonic mission range. The Bisplinghoff Committee agreed that there were no technical reasons why the B–1 could not carry out its strategic mission, nor were there any technical problems which would preclude B–1 development and production. The Air Force thoroughly analyzed the impact of the committee's assessments and determined that even under the Reasonably Adverse case, the aircraft could strike its intended targets without a substantial reduction in probability of survival.

But the "Reasonably Adverse" case has not occurred. The B–1 has remained solidly ahead of the Bisplinghoff Most Probable estimate of subsonic range. The current subsonic range estimate shows a degradation from 1970 of only 7 to 9%.

Senator Proxmire. "The B–1's range reduction detracts from its target coverage ability . . .," limits maneuvering, slashes loiter time, makes B–1 more tanker dependent, eliminates ability to use supersonic capability. Some range reduction can be restored by reducing payload or increasing dependence on tankers.

Air Force Comment. Sufficient flexibility is available through operational trades such as tanker allocation, tanker and bomber basing, and mission planning to negate the effects of insignificant reductions in range. In fact, for the overall bomber force, greatly enhanced capability will occur in all the areas cited by Senator Proxmire as being degraded. For example, B–52s are now required to penetrate to deep targets. These aircraft are much less efficient than B–1s and therefore require considerably more tanker support. When the B–1 enters the operational force, the B–52s will require less tanker support for the less demanding peripheral target role. The B–1 will assume the more demanding, deep penetration mission, since it is more efficient in that role.

Neither has the B–1's secondary supersonic capability been eliminated. In fact, with operational trades available to the military planner, the original supersonic mission can be retained.

Senator Proxmire. "In contrast to the B–1's shrinking range, the B–52 as it currently exists is the world's record-holder for unrefueled range, at 12,500 statute miles . . . the Air Force does not claim that the B–1 range matches that of the B–52."

Air Force Comment. Using data from a record setting B–52 flight to compare with an aircraft in an operational mission environment using strict tactics and guidelines is very misleading. This record run was established by weight reduction, fuel conserving techniques, low payload, flown all at high altitudes where the fuel consumption is less and with the assurance of a tail wind. Moreover, the distance expressed for the B–52 is in statute miles. This is in no way representative of today's B–52 and its range/payload capability. Modifications to the B–52 over the years have reduced its range considerably by degradations such as external protrusions on the aircraft.

In any event a more meaningful expression of B–52 range on a mission comparable with the B–1 would be about 5,400 nautical miles. Not only is this less range than the B–1's capability, but the B–52 would carry only ½ the payload at substantially lower penetration speed and a higher, more vulnerable altitude than the B–1. Thus, a B–52 which accomplishes a mission approximating the range of the B–1, does so with ½ the payload and a significantly lower probability of survival.

Senator Proxmire. Giving the B–52s the kind of engines used by the 747 and other wide-body transports can increase range by 20–30%. "This woud not just reduce the B–52's need for tanker support, *it would virtually eliminate it.*"

Air Force Comment. The Air Force examined the performance of re-engined B–52s in the Joint Strategic Bomber Study (JSBS). Refueling support is decreased, not eliminated. Furthermore, merely re-engining the B–52 does nothing about its lower speed, small weapons load and enormously larger radar cross section. The JSBS showed that the B–52 (re-engined B–52) would suffer very high attrition and that its marginal capability against advanced threats was about ⅓ that of the B–1. The re-engined B–52 is obviously not a very effective choice, regardless of its increased range.

Senator Proxmire. Suggested that KC–135s could be used as standoff bombers providing a low-cost improvement to the strategic forces.

Air Force Comment. Aside from the questionable effectiveness of cruise missiles in penetrating targets defended by low-altitude surface-to-air missiles, a KC–135 configured as a standoff bomber would not provide an improvement to our strategic forces. The KC–135 is configured internally so that it is not practical to carry missiles within the fuselage. A Boeing 707, after a high-cost modification, could probably be configured to carry several internal SRAM racks. In addition, two external SRAM racks could be installed. However, the substantially increased drag and weight would require a 14,000 foot take-off roll (virtually no runways have this length) and extract a range degradation of approximately 2000 NM. An aircraft with these characteristics would have very limited survivability and utility.

Senator Proxmire. One might well ask how it is that, with a $20 billion program price tag, the B–1 will not have a significantly greater range than the B–52. There are several answers for this, but the primary reason is the B–1's unnecessary supersonic capability. By making the B–1 supersonic, the Air Force was forced to compromise the B–1's all-important subsonic performance. Wing fuselage, and especially engine design all suffered, since the design requirements of supersonic and subsonic flight differ substantially. The result was degraded range.

Air Force Comment. The supersonic capability does not significantly degrade range. The B–1 has much more efficient fuel consumption than the B–52. However, by design, it is smaller than the B–52, and devotes more of its internal space to weapons

than does the B–52. Consequently, while the B–52 is one-third larger, the B–1 can carry twice the payload of the B–52. The range figure cited for the B–52 is a high altitude range, a figure which is essentially meaningless at low altitude because the B–52's must penetrate to reach their targets.

The B–1's wing, fuselage, and engine design reflect a careful balancing of performance features. If we wanted maximum range, we would have designed it differently. The key design features were maximum launch survivability and penetration capability—not range. The second balance was struck in allocating internal space between fuel capacity and payload. Thus, the B–1 has an overwhelmingly superior capability to penetrate enemy defenses, with twice the number of weapons, at about the same range as the B–52. When longer ranges are required, additional fuel can be carried in weapons bay tanks in lieu of weapons.

The Air Force believes that the supersonic capability of the B–1 is required. A modern bomber for the 1980's and beyond requires the speed and altitude versatility to provide a broad range of operational tactics, to counter future threat uncertainties, to hedge against degradations in penetration aids effectiveness, and to be capable of all probable bomber tasks. A subsonic-only design would never allow supersonic operations, regardless of how desirable the tactic could become in the future. The supersonic capability of the B–1 complicates the defensive problem and increases the cost of enemy defenses, since defenses optimized to counter high altitude supersonic penetrators are ineffective against low altitude attacks. If the supersonic capability were removed, enemy resources required for defense against this capability could be applied in other areas.

The impact of the supersonic requirement on the design of the B–1 was not great. The basic requirements for fast takeoff and high speed low altitude penetration dictated the fundamental design of this aircraft. The engine was also optimized for these two basic mission capabilities. Removal of the supersonic features would change low altitude, high subsonic speed engine performance by an insignificant amount.

The Air Force estimates that the supersonic capability represents less than 15% of the cost of the B–1. On this basis, the Air Force believes that incorporating the supersonic capability into the B–1 design was a cost-effective decision.

Senator PROXMIRE. B–1 takeoff gross weight is established at 395,000 pounds and thus will have no potential for additional avionics or weapons carriage.

AIR FORCE COMMENT. In all weapon systems, adjustments in weapon load and/or avionics are made as tradeoffs against fuel or other variable weight elements. In the case of the B–1, the design gross weight for takeoff purposes is reached before the aircraft is fueled to its maximum capacity. All air refuelable aircraft are limited to something less than a full fuel load for ground handling operations when carrying a maximum load of weapons and avionics. Thus, the stated limitation is not unique to the B–1 but a normal design characteristic.

The 395,000 lbs is a weight limit for ground operation only. It does not eliminate the potential to carry additional avionics or fuel, since the B–1 can be refueled inflight to a gross weight substantially in excess of 400,000 pounds. In addition, the aircraft has the flexibility to convert one or more of its weapons bays to carry additional fuel or avionics with a reduced weapons load.

Senator PROXMIRE. The Air Force notified Congress in 1975 that the top speed of the B–1 was being dropped from 2.2 time the speed of sound (Mach 2.2) to Mach 1.6. This means that the Air Force is giving up exactly half of the B–1's supersonic capability. Unfortunately this change comes much too late in the program for the overall design requirements to be relaxed so as to significantly reduce program cost.

AIR FORCE COMMENT. The reduction in the supersonic speed of the B–1 was based on a cost-effectiveness analysis. As the design of an aircraft evolves, the cost of individual components can be precisely defined. In the B–1 aircraft, it was found that the engine inlet control system, which allows efficient flight at the higher supersonic speeds, could be simplified and production cost savings would result. After study of the utility of the increase to the B–1's capability provided by the additional supersonic speed, the simplification was found to be cost effective.

The inlet control system is installed on the test aircraft and higher supersonic speeds are being demonstrated in the test program. Should threat conditions change so that the higher supersonic speed capability is again required, the inlet control system can be installed in the production aircraft for about 1% of the program cost.

The Mach 1.6 capability cannot be ignored by the Soviet Union. They cannot abandon their efforts to build defenses against high altitude supersonic penetration in the face of this threat.

Senator PROXMIRE. "The 15% increase in take-off distance of the B–1 reported by the Air Force will reduce its *dispersability* and hence its pre-launch survivability."

AIR FORCE COMMENT. The pre-launch survivability of the B–1 is not impacted at all by the increase in take-off distance. The take-off distance of the B–1 is significantly less than that for the B–52. The B–1 can operate fully loaded from twice the number of available military and civilian airfields as the B–52. The number of primary airfields in the United States which are continuously available to the B–1 is about one hundred. Under emergency dispersal conditions the number of available airfields can be increased to approximately three times that number, allowing more than one airfield per B–1.

Senator PROXMIRE. "The B–1's takeoff distance of 7500 feet is not appreciably less than the B–52's 9580 feet."

AIR FORCE COMMENT. Takeoff distance for the B–52G is 10,500 feet which is 40% greater than the B–1's maximum gross weight takeoff distance of 7500 feet. This difference is indeed significant in that it permits the B–1 to operate from twice the number of U.S. bases as the B–52.

Senator PROXMIRE. "The decreasing range of the B–1 increases its need for refueling and thus its dependence on tanker support. Therefore, the B–1's survivability will depend even more upon the survivability of the tanker fleet."

AIR FORCE COMMENT. The capability of any strategic bomber is dependent to some extent on tanker survivability; some obviously more than others. Because of its greater overall efficiency and operational flexibility, the B–1 is the least dependent. Even without refueling, the B–1 can reach most of the critical targets in the Soviet Union. The slight decrease in the B–1's range does not significantly alter its survivability. And, in fact, as the Joint Strategic Bomber Study showed, the presence of the B–1 in the bomber force—because the B–1 can take off at substantially closer intervals and reaches escape range much more quickly—enhances the overall survivability of the force, including the tankers.

Senator PROXMIRE. Another B–1 capability that was slashed for cost reasons is much of its electronic countermeasures equipment (defensive avionics); . . . offensive avionics are borrowed from other aircraft and not good enough; . . . the B–1 aircraft will only use 60% of its potential avionics.

AIR FORCE COMMENT. The B–1 avionics approach places first priority on mission success. The new defensive system, which incorporates the most advanced ECM technology, complements the basic B–1 penetration characteristics of low altitude, low radar cross section and high speed—all designed to get the B–1 to the target. Offensive avionics include both proven, off-the-shelf components and new systems for accurate navigation and precise weapon delivery. Off-the-shelf systems were selected when their known performance reliability contributed to mission success. Provisions for growth were intentionally included recognizing that an airplane designed for thirty years' use would be modified with later technology systems as they become available and as the threat and need dictate.

This approach represents a careful blend of new technology where needed, proven systems when they did the job—designed to balance performance with cost to buy and to operate—yet still provide for the future.

Senator PROXMIRE. The Air Force has defined the B–1 program cost in such a way as to exclude several major cost elements which will be incurred if the B–1 is produced and flown. These additional life cycle costs are addressed below, and total to the sum of over $40 billion.

AIR FORCE COMMENT. The Air Force has defined the B–1 the way it traditionally has defined aircraft program elements. There are so-called "additional" life cycle costs, but these are nearer $8B than $40B. Cost of the SRAM for the B–1 has been shown distinct from those for the B–52 and life cycle costs have been furnished Congress upon request.

Senator PROXMIRE. Each B–1 will carry 24 SRAMs or ALCMs. At $500,000 each, the B–1 weapons' cost will be an additional $12 million per plane and $3 billion for a fleet of 243.

AIR FORCE COMMENT. The B–1 will be capable of carrying 24 SRAMs or a mixture of SRAMs and gravity weapons. The planned procurement level of SRAM missiles for the B–1 is less than $1.3 billion in escalated dollars, which is about $5 million per plane for the total force of 244 B–1s.

Senator PROXMIRE. The 10-year direct operating costs for the B–1 will be $26 million per plane and $6.3 billion for the program as a whole. The 10-year indirect operating costs for the B–1 will be $13 million per plane and $3.1 billion for the program as a whole.

AIR FORCE COMMENT. The direct and indirect costs quoted by Senator Proxmire are grossly overstated. For example, the $39 million-per-plane price tag for direct and indirect operating cost is double the estimated requirement. When measured in real terms, the cost of ownership of the B–1 force during its lifetime will be substantially less than for the B–52 force which is recognized for its outstanding cost-effectiveness.

Senator PROXMIRE. Deployment of the B–1 will require additional tanker support.

AIR FORCE COMMENT. Deployment of the B–1 does not require tanker resources above the levels currently employed in support of the existing strategic bomber force.

Although a simple comparison of numbers of bombers now to numbers following full deployment of the B–1 would superficially indicate the need for a corresponding increase in tanker, closer examination reveals this impression to be inaccurate. There are several real life, operational factors which must be considered in arriving at even a rough estimate of refueling requirements. One of the most important of these is the method of employing the bomber force against the enemy target system. Today's bomber tactics and resulting tanker demands are a direct function of the aircraft characteristics, capabilities and existing weapons. B–52's are required to attack the most heavily defended areas as well as the targets located deep within enemy territory. The extended low altitude penetration required to meet this demanding task results

directly in increased tanker support requirements, and, many of today's bomber sorties would require two or more KC–135's to fly their planned missions.

Deployment of the B–1 will provide not only a vast improvement in bomber force survivability and penetration effectiveness—it will allow selective routing and targeting of the B–52 force—both enhancing B–52 effectiveness and reducing their tanker demands. Targets requiring extended high speed, low altitude penetration to degrade enemy defenses and penetrate deep within enemy territory can be targeted by the B–1 which possesses superior penetration effectiveness and low altitude range payload characteristics. B–52s could then be employed against lesser defended and shallower targets. The efficiency afforded by this type of employment is graphically demonstrated when the tanker demands of a B–52G and B–1 are compared for an identical sortie (total and low-altitude range) in which each aircraft is loaded with a typical weapons load and employs its designed penetration air speed and tactics. For such a mission requiring one KC–135 to support the B–1, two would be required for the B–52 (to deliver fewer weapons). More simply stated, the B–1 could deliver more than two and one-half times as many weapons per pound of fuel off-loaded during air refueling than would the B–52.

The KC–135 force is capable of supporting the 1980s bomber force, the B–1 does not require additional tankers and there is no Air Force program to procure additional tankers for the strategic offensive mission.

Senator PROXMIRE. New tankers will be required at a bomber/tanker ratio of between 1:1 and 2:1.

AIR FORCE COMMENT. No new tankers are required for the B–1. Therefore, the marginal cost of tankers for the B–1 is nil. When all B–1s are in the force, their share of the KC–135 direct and indirect costs (O&S) will be $2B over a full ten years or $8.2 million per B–1. However, this is not additive to the cost of present strategic forces as this cost is now borne by the current force.

Senator PROXMIRE. States B–1 off-the-shelf avionics are not adequate. Insists that new avionics will be needed to be effective to the year 2010 and will amount to $4 million per airplane.

AIR FORCE COMMENT. The suggested change-out of off-the-shelf offensive avionics is neither planned for thirty years from now, nor can it be ruled out. However, the current avionics suit and its capability are highly adequate against the projected threat. In fact, the B–1 with its cost-effective avionics approach is unequalled in accuracy by any long range strategic system.

As accurately as the Air Force can project into the future, the B–1 avionics design with growth provisions will accomplish the strategic mission. Analysis has repeatedly indicated that our approach is cost effective. Looking back over the past twenty years reveals that systems with growth potential, like the B–52, have the ability to adapt to changing threats or mission requirements, thereby extending their useful life. This is far less costly than continuously replacing a complete weapon system when a minor portion of it becomes obsolescent.

Mr. PROXMIRE. Mr. President, I shall be brief.

I congratulate the Senator from Arizona. It is characteristic of the Senator and his fine career in the Senate that he has taken the time to come to the Chamber to discuss a matter about which he is certainly a top expert. I am very happy that he decided to join me in this debate. Discussion certainly greatly improves the quality and balance of the debate.

I might say it is a little bit overwhelming, however, that we have not only the distinguished Senator from Arizona but also the Secretary of the Air Force replying, but I think that the arguments are strong on our side.

I shall say very briefly in rebuttal that I think the fundamental criticisms I made this morning stand up and stand up very well. The fact is that this weapons system has increased enormously in cost, as I stated, between $45 million and $40 million apiece to $84 million, perhaps $100 million, for each copy, and the program will cost at least $20 billion as the Air Force concedes.

It is true that most of this increase is caused by inflation, but not all of it by any means. The Senator from Arizona has conceded about 12 percent of this was a rise in real costs in spite of the fact that we are not getting the plane that we were expected to get in 1969. In every significant regard it is a deteriorated plane—takeoff weight, takeoff distance, penetration speed, advanced avionics, and so forth, right down the line. This is the plane which was expected to be of higher quality and greater performance capability than it is.

Tomorrow, I expect to discuss what is one of the points that I think is really at the heart of it, and that is the mission of the B–1 bomber. Do we really need a B–1 bomber, or are there other more effective ways for achieving that mission for which the B–1 bomber presumably was designed?

Mr. President, I yield the floor.

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 not to extend beyond the hour of 1 p.m., with statements therein limited to 5 minutes each.

COMMENTS ON THE VICE PRESIDENT'S OFF-THE-RECORD ALLEGATIONS

Mr. MANSFIELD. Mr. President, 4 years ago this coming October I was in Montana, in Missoula, my hometown, when I became cognizant of the fact that a series of allegations had been made during the Presidential political campaign affecting the integrity of three of my Democratic colleagues.

There was the phony "Canuck" letter attributed to Senator MUSKIE of Maine. There were charges made against Senators HUMPHREY and JACKSON involving sexual matters which were totally false, totally unfounded.

On that occasion, addressing a gathering in Missoula, I stated that on my return to Washington it would be my intention to ask that an inquiry be undertaken by either the Judiciary Committee or a select committee into these charges against three of our most highly respected colleagues.

When I came back to Washington I brought these allegations to the attention of my colleagues at the first Democratic Conference and they unanimously agreed that an inquiry should be undertaken not only into the allegations against these three Senators, but also—and I forgot to mention this in my earlier remarks—an inquiry concerning the Watergate break-in. After the Democratic Conference took that action, the Senate followed suit.

On the basis of that senatorial initiative the so-called Watergate Committee, under Senator ERVIN, came into being. I had no idea, at that time, that the allegations involving the break-in at the Watergate headquarters of the Democratic National Committee would expand into what eventually became a whole series of charges, many of them true and proven, some of them yet to be proven.

May I say further that last October, after reading in the press about allegations being made about Communists or agents of the KGB being employed on Senate committees and on Senate staffs, I directed a communication to Senator CHURCH of Idaho, the chairman of the select committee looking into intelligence activities, which likewise was generated in the Senate, and asked him to investigate these allegations and to notify me if there were any truth in them.

He acknowledged my letter. He indicated that something on the order of 50 House Members had made the same request and in his acknowledgement, under date of October 30, 1975, he enclosed a letter from the Director of the FBI to FRANK CHURCH, chairman, Select Committee To Study Governmental Operations With Respect to Intelligence Activities. In part, the letter stated:

The Seminar was advised that the FBI has no information indicating that Soviet KGB officers have infiltrated any congressional staffs.

Furthermore, Mr. Kelley states:

If the FBI did obtain such information indicating infiltration of a congressional office or staff, such information would be promptly furnished to the appropriate Senator or Congressman.

I ask unanimous consent that this correspondence and a letter to Senator CHURCH from Mr. Clarence M. Kelley, Director of the FBI, be printed in the RECORD.

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

OCTOBER 31, 1975.

Hon. MIKE MANSFIELD,
Russell Office Building, Washington, D.C.

DEAR SENATOR MANSFIELD: Since receiving your request, I have directed the staff to investigate the allegations that the KGB had infiltrated Congressional staffs. In the course of that investigation, the Staff Director, William G. Miller, received a briefing from the FBI about KGB activities on the Hill. The FBI said, during the briefing, that it has no evidence at this time of any infiltration or penetration of Congressional staff.

Today I received from the Director of the FBI the enclosed letter and "confidential" memorandum. These outline in greater detail the briefing received by the staff from the Senate Select Committee.

Recently I received a letter from fifty Congressmen asking my Committee to investigate the allegation of KGB infiltration. I think it would be a service to put this rumor to rest. Therefore, I am planning to release pub-

licly Director Kelley's letter to me, after replying to the Congressmen.

The memorandum, as opposed to the letter, is classified "Confidential" and appropriate safety precautions should be taken to protect this classification. I am asking the Bureau to declassify the memorandum if possible. Should this effort to declassify be successful, I will inform you at that time.

Sincerely,

FRANK CHURCH,
Chairman.

OFFICE OF THE DEPUTY ATTORNEY GENERAL,
Washington, D.C., October 30, 1975.

Hon. FRANK CHURCH,
Chairman, U.S. Senate Select Committee on Intelligence Activities, Washington, D.C.

DEAR SENATOR CHURCH: This is in reference to a letter dated October 28, 1975, from Mr. John Eliff of your Committee staff to Assistant Bureau Director W. Raymond Wannall of the Intelligence Division concerning allegations that the Central Intelligence Agency was in possession of information indicating that there are Soviet agents on certain Senators' staffs. In his letter Mr. Elliff requested that the Bureau provide the Senate Select Committee with a brief written statement of the FBI's position regarding these allegations.

Attached and transmitted herewith is a letter from Director Kelley and a memorandum classified Confidential prepared by the Federal Bureau of Investigation in response to Mr. Eliff's request.

Sincerely,

MICHEL E. SHAHEEN, Jr.,
Special Counsel for Intelligence Coordination.

U.S. DEPARTMENT OF JUSTICE,
Washington, D.C., October 30, 1975.

Hon. FRANK CHURCH,
Chairman, Select Committee to Study Governmental Operations With Respect to Intelligence Activities, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Under date of October 28, 1975, Mr. John T. Elliff, Director, Domestic Intelligence Task Force, addressed a communication to Assistant Director W. Raymond Wannall of this Bureau, Mr. Elliff advised that your Committee has recently learned of allegations that the Central Intelligence Agency is in possession of information indicating that there are Soviet agents on seven Senators' staffs. Mr. Elliff requested that the Committee be given a brief written statement of the FBI's position regarding these allegations which may be made public by the Committee. Moreover, Mr. Elliff requested that the Committee be furnished the substance of a briefing which was afforded to Mr. William G. Miller, Staff Director of the Select Committee, and himself several weeks ago. The latter item was requested for the Select Committee's confidential consideration.

On October 9, 1975, accompanied by Assistant Director Wannall, I appeared before the Congressional Seminar on Intelligence and Internal Security sponsored by the American Conservative Union in Washington, D.C. During the question and answer period following my prepared remarks, several Seminar participants asked for clarification and comment regarding a reported statement by Senator Barry Goldwater that KGB intelligence officers had infiltrated seven Congressional or Senate staffs. The Seminar was advised that the FBI has no information indicating that Soviet KGB officers have infiltrated any Congressional staffs. Mr. Wannall stated that it was not a case of infiltration but "more of an effort on the part of hostile intelligence services to make contacts not only on Capitol Hill but elsewhere with individuals who are in positions of influence or in a position to furnish information which is of value to the hostile intelligence services." Mr. Wannall continued that if the FBI did obtain such information indicating infiltration of a Congressional office or staff, such information would be promptly furnished to the appropriate Senator or Congressman.

Pursuant to the request of Mr. Elliff, there is attached a memorandum summarizing the briefing that was afforded to members of your staff on August 7, 1975.

Sincerely yours,

CLARENCE M. KELLEY,
Director.

Mr. MANSFIELD. Mr. President, last week, a Senator, once again Mr. JACKSON was accused of having or at least was alleged to have a Communist on his staff, and I believe certain questions were raised about Miss Dorothy Fosdick. Anyone who knows Senator JACKSON and the care with which he conducts the affairs of his office must be aware that these allegations, to say the least, were highly dubious.

Dorothy Fosdick, whom I have known for 30 years, is in my opinion an outstanding staff member of the Senate, and I think her record is unblemished. As far as her association with Alger Hiss was concerned, I talked to Dorothy last weekend and she said she had no direct connection with Mr. Hiss, that she worked at that time under another member of the State Department and did so in relation to setting up the United Nations, I believe in San Francisco.

Everyone in this Chamber knows Dorothy Fosdick, knows of her integrity and dedication, and knows also that she was the first woman appointed to the policy planning staff in the State Department and has since that time been in Government service either downtown or here on the Hill, most of the time on Senator JACKSON's staff.

As far as a Communist on the Senator's staff is concerned, I do not know of one. If there is one I think he or she should be named by those who make allegations of this kind which are most serious.

I rise at this time in my capacity as majority leader and on my responsibility in behalf of the entire Senate, of my colleagues, Republican and/or Democratic, who may be subject to allegations or malicious innuendoes.

Senator JACKSON and Miss Fosdick are fully capable of taking care of themselves. But in this alleged background conference or off-the-record conference, according to the Atlanta Journal, the Vice President:

> Reportedly told the Republicans that one would have to be naive to believe that among 535 Members of Congress and their thousands of employees there weren't some working for interests other than the United States.

If there are any such persons, their names should be laid out and the facts should be made available to the Senate as a whole. Otherwise, speculation by one who, under the Constitution presides over the Senate, serves only to denigrate and to raise unwarranted doubts among the people on the entire membership.

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

Mr. MANSFIELD. Yes, indeed.

Mr. GOLDWATER. The Senator may recall that following the death of Chiang Kai-shek last year, at which time Vice President ROCKEFELLER and I traveled to China for the ceremonies, I reported back to the Select Committee on Intelligence, of which I am a member, that the Vice President had told me, in front of witnesses, that seven or nine—I forgot the number—offices on the Hill had been infiltrated.

I think it was the distinguished majority leader who demanded of Senator CHURCH that an investigation be held of this.

Mr. MANSFIELD. The Senator is correct.

Mr. GOLDWATER. The FBI thoroughly investigated the entire Hill and came up with the answer that there were no known Communists or Communist sympathizers in any office on the Hill.

I merely wanted to refresh the majority leader's mind on that.

Mr. MANSFIELD. I appreciate the remarks of the distinguished Senator from Arizona. As did the distinguished Senator from Wisconsin, I thank him for clearing the record and setting forth the facts as they are and as he knows them, especially as a member of that committee.

However, as I said, Senator JACKSON can speak for himself. Dr. Fosdick can speak for herself. I am sure that if there is any indication of impropriety, or of any member of that staff or any other staff in the Senate working for interests other than the United States, those names will be forthcoming.

I think it should be pointed out that Senator JACKSON and I served together in the House for 10 years and came to the Senate together, as the distinguished Senator from Arizona and I did, because we were all in the same class. The Senator from Washington is my friend, a man whose integrity and patriotism I have never doubted. While we have differed on matters and issues, that in no way has disturbed our personal relationship.

I point out that there are stringent precautions in the Senate to assure that the national security is protected. Senate employees who deal with security matters are required to obtain security clearance from the executive branch.

In any event, if there were any aberrations or any violations, the proper means would be to consult with the joint Senate leadership, so that we could look into these matters. It should not be done through allegations which may or may not be proved but which create impressions which are harmful to the Senate as a whole.

As I say, Senator JACKSON can take care of himself, and he can take care of his staff. But so far as allegations affecting Congress and the Senate are concerned, I think that covers a wider area; and the joint leadership has a responsibility to see to it that the integrity, the dedication and the patriotism of Senators and their staffs are reiterated time and time again. Furthermore, if there is deviousness, if there are any Communists, if there are any people working for interests other than those of the

United States, those names should be laid out on the table, for all to see.

There is a smudge in the sky at the present time, and I think that smudge should be cleared away and the integrity of Senators and the Senate and Congress should be reestablished

These allegations may or may not have been made; I do not know, because they were on the basis of an off-the-record conference. I hope that some way would be found to do away with off-the-record conferences, because it appears to me that out of the many times comes only trouble. I believe that the sunshine law, as advocated by Senator CHILES and Senator STONE and others, should be extended to areas outside the Senate as well. We should get away from the subterfuge of a background conference, an off-the-record conference, and lay it all out, for all to see.

I hope that if there is any validity to the allegations—and I repeat the word "allegations"—they will be cleared up immediately. If they are not, I hope that appropriate steps in response will be forthcoming, so that the integrity and reputations of the people involved will not be tarnished and this matter will be laid to rest.

Mr. ROBERT C. BYRD. Mr. President, I associate myself with the very appropriate remarks that have just been made by the distinguished majority leader.

I think that the reported statement by Mr. ROCKEFELLER, if true as reported, was reckless at best. It is highly unbecoming of the No. 2 public official in this country to make such a careless statement, if he, indeed, made such. If he did not make such a charge, then he should say so. If he has any evidence to produce with respect to Communists on the staffs of Members of the Senate or the House, he should produce it. Such a cloud over the Senate should not be permitted to linger.

As the majority leader said, let it be laid out on the table, and then appropriate actions can be taken. If there are any Communists employed, get rid of them. If the Vice President does not have such evidence, then he should apologize, and his apology should extend beyond Senator JACKSON and go also to the members of Senator JACKSON'S staff, and to the Senate.

These kinds of charges, whether unfounded or founded, ought not be the subject of off-the-record conversations with reporters. They ought to be made in the open if they can be substantiated. If the Vice President does not apologize and does not issue any evidence, then the President of the United States should disassociate himself from this statement by the Vice President.

I hope that Mr. ROCKEFELLER will make an apology. If he can produce evidence—which I would strongly doubt—that is quite another thing, but I do not believe that he can. If there were only one Senator in this body who has consistently taken positions exactly counter to what one might expect would be taken by an individual sympathetic toward the Communists or under any influence by any Communist member of any staff, it would be Senator JACKSON. He has spoken out in opposition to détente as it is being implemented presently. He has taken tough stands with respect to the Soviets. He has taken tough stands with respect to the SALT talks. I think there is every indication to the contrary of what has been implied in the reported statements emanating from Mr. ROCKEFELLER.

So I think Mr. ROCKEFELLER owes it not only to Senator JACKSON, not only to Senator JACKSON'S staff, but also to the Senate of the United States, over which the Vice President presides, and also to the American people. I hope that the apology will be forthcoming.

ORDER FOR ADJOURNMENT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in adjournment until the hour of 12 o'clock noon tomorrow.

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

ORDER FOR PERIOD FOR TRANSACTION OF ROUTINE MORNING BUSINESS TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that tomorrow after the two leaders have been recognized under the standing order, and after any orders for the recognition of Senators are completed, if such orders are entered, there be a period for the transaction of routine morning business for not to extend beyond 1 p.m., with statements limited therein to 5 minutes each.

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

The ACTING PRESIDENT pro tempore. Is there further morning business?

Mr. ROBERT C. BYRD. 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. FANNIN. 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.

MESSAGE FROM THE HOUSE RECEIVED DURING ADJOURNMENT

ENROLLED BILL SIGNED

Under authority of the order of April 14, 1976, a message from the House of Representatives was received stating that the Speaker had signed the enrolled bill (H.R. 8235) to authorize appropriations for the construction of certain highways in accordance with title 23 of the United States Code, and for other purposes.

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

REPORTS OF COMMITTEES SUBMITTED DURING ADJOURNMENT

Under authority of the order entered on April 14, 1976, the following reports of committees were submitted on April 23, 1976:

By Mr. SPARKMAN, from the Committee on Foreign Relations, with amendments:

S. 2679. A bill to establish a Commission on Security and Cooperation in Europe (Rept. No. 94–756).

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

H.R. 12226 An act to amend further the Peace Corps Act (Rept. No. 94–757).

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

S. Res. 406. A resolution expressing the importance of sound relations with the Soviet Union (Rept. No. 94–758).

By Mr. HASKELL, from the Committee on Interior and Insular Affairs, with an amendment:

S 1526. A bill to make additional funds available for purposes of certain public lands in northern Minnesota, and for other purposes (Rept. No. 94–759);

S. 2004. A bill to eliminate a restriction on use of certain lands patented to the city of Hobart, Kiowa County, Okla. (Rept. No. 94–760); and

S. 2555. A bill to establish a National Rangelands Rehabilitation and Protection Program (Rept. No. 94–761).

By Mr. PASTORE, from the Joint Committee on Atomic Energy, with amendments:

S. 3105. A bill to authorize appropriations to the Energy Research and Development Administration in accordance with section 261 of the Atomice Energy Act of 1954, as amended, section 305 of the Energy Reorganization Act of 1974, and section 16 of the Federal Nonnuclear Energy Research and Development Act of 1974, and for other purposes (Rept. No. 94–762). Referred to the Committee on Interior and Insular Affairs, pursuant to previous order.

FINAL REPORT OF THE SELECT COMMITTEE TO STUDY GOVERNMENTAL OPERATIONS WITH RESPECT TO INTELLIGENCE ACTIVITIES—REPORT SUBMITTED DURING ADJOURNMENT (REPT. NO. 94–755)

Under authority of April 14, 1976, the Select Committee To Study Governmental Operations With Respect to Intelligence Activities, on April 23, 1976, submitted its final report, which was ordered to be printed.

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. METCALF) 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.)

APPROVAL OF BILLS AND JOINT RESOLUTIONS

A message from the President of the United States announced that he had approved and signed the following bills and joint resolutions:

On April 16, 1976:

S. 719, An act granting a renewal of patent numbered 92,187 relating to the badge of the Sons of the American Legion.

S. 720, An act granting a renewal of patent numbered 54,296 relating to the badge of the American Legion.

S. 721, An act granting a renewal of patent numbered 55,398 relating to the badge of the American Legion Auxiliary.

S. 804, An act for the relief of Zoraida E. Lastimosa.

S. 832, An act for the relief of Kristen Marisol Kneebone.

S. 2308, An act to provide for the modification of the boundaries of the Bristol Cliffs Wilderness Area.

S. 3108, An act to amend Public Law 94–187 to increase the authorization for appropriations to the Energy Research and Development Administration in accordance with section 261 of the Atomic Energy Act of 1954, as amended, section 305 of the Energy Reorganization Act of 1974, and section 16 of the Federal Nonnuclear Energy Research and Development Act of 1974, and for other purposes.

On April 19, 1976:

S.J. Res. 101, Joint resolution to authorize the President to issue a proclamation designating that week in November which includes Thanksgiving Day as "National Family Week."

On April 21, 1976:

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

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. 3056. An act 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.

On April 22, 1976:

S. 1941. An act to amend the Act of August 24, 1966, as amended, to increase the protection afforded animals in transit and to assure humane treatment of certain animals, and for other purposes.

REPORT ON REVISIONS TO DEFERRALS—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The ACTING PRESIDENT pro tempore (Mr. METCALF) laid before the Senate the following message from the President of the United States, which was referred jointly, pursuant to the order of January 30, 1975, to the Committees on Appropriations, the Budget, Labor and Public Welfare, and Finance:

To the Congress of the United States:

In accordance with the Impoundment Control Act of 1974, I report revisions to two deferrals previously transmitted.

A deferral for the Department of Health, Education, and Welfare's overseas program of scientific activities has been increased by $10.7 million. In compliance with a court order, another revenue sharing payment—this one for $18.7 million—to the city of Chicago has been deferred by the Department of the Treasury.

The details of each revised deferral are contained in the attached reports.

GERALD R. FORD.

THE WHITE HOUSE, *April 26, 1976.*

REPORT ON THE TRADE AGREEMENTS PROGRAM—MESSAGE FROM THE PRESIDENT

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

To the Congress of the United States:

In accordance with the provisions of section 163(a) of the Trade Act of 1974, I am pleased to submit herewith a report on the trade agreements program and on import relief and adjustment assistance for workers, firms, and communities under the Act in calendar year 1975.

GERALD R. FORD.

THE WHITE HOUSE, *April 26, 1976.*

REPORT OF THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—MESSAGE FROM THE PRESIDENT

The ACTING PRESIDENT pro tempore (Mr. METCALF) laid before the Senate the following message from the President of the United States, which was referred to the Committee on Banking, Housing and Urban Affairs:

To the Congress of the United States:

I am transmitting today to the Congress the Eleventh Annual Report of the Department of Housing and Urban Development, describing its activities for the calendar year 1975.

GERALD R. FORD.

THE WHITE HOUSE, *April 26, 1976.*

REPORT OF THE 1974 UPLAND COTTON PROGRAM—MESSAGE FROM THE PRESIDENT

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

To the Congress of the United States:

In accordance with the provisions of Section 609, Public Law 91–524, 91st Congress, as extended by the Agriculture and Consumer Protection Act of 1973, I transmit herewith for the information of the Congress the report of the 1974 upland cotton program.

GERALD R. FORD.

THE WHITE HOUSE, *April 26, 1976.*

REPORT ON GOVERNMENT SERVICES TO RURAL AMERICA—MESSAGE FROM THE PRESIDENT

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

To the Congress of the United States:

I am transmitting herewith the sixth annual report on Government services to rural America, as required by the Agricultural Act of 1970.

GERALD R. FORD.

THE WHITE HOUSE, *April 26, 1976.*

ADJUSTMENT ASSISTANCE TO THE U.S. FOOTWEAR INDUSTRY—MESSAGE FROM THE PRESIDENT

The ACTING PRESIDENT pro tempore (Mr. METCALF) laid before the Senate the following message received on April 19, 1976, from the President of the United States, which was referred to the Committee on Finance:

To the Congress of the United States:

As required by Section 203(b)(2) of the Trade Act of 1974, I am transmitting this report to the Congress setting forth my determination to provide adjustment assistance to the U.S. footwear industry producing footwear covered by the affirmative finding of February 20, 1976, of the United States International Trade Commission (USITC) under section 201(d)(1) of the Trade Act. As my decision does not provide import relief to that industry, I am setting forth both the reasons why I have determined that import relief is not in the national economic interest and other actions I am taking to help the footwear industry and workers.

I have decided, considering the interests of both the American consumers and producers, that expedited adjustment assistance is the most effective remedy for the injury to the U.S. footwear industry and its employees as a result of imports.

My decision was based upon my evaluation of the national economic interest. A remedy involving import restraints would have lessened competition in the shoe industry and resulted in higher shoe prices for American consumers at a time when lowering the rate of inflation is essential. Footwear makes up 1½ percent of the Consumer Price Index.

Import restraints would also have exposed industrial and agricultural trade to compensatory import concessions or retaliation against U.S. exports. This would have been detrimental to American jobs and damaged U.S. exports.

Adjustment assistance will benefit the many smaller enterprises which have been seriously injured, whereas the USITC report casts grave doubt on import relief as an effective remedy for these firms; import relief would disproportionately benefit the 21 larger firms which produce 50% of domestic output, but which have been found to be competitive with imports.

Adjustment assistance is consistent with the President's efforts to control inflation, including costs to all consumers, which import restrictions would raise.

The U.S. footwear industry is benefitting from a substantial increase in production, shipments, and employment as a result of the economic recovery. Additionally, a number of plants have reopened, order backlogs of domestic manufacturers have increased, and profitability has improved.

As the U.S. economy recovers from the recession, domestic production of nonrubber footwear is rising significantly. In February, 1976 (the latest month for which data are available) the output was 41,137,000 pairs. This is up from 40,985,000 in January, and is the highest monthly production figure since May, 1974. The monthly average for 1976 to

date is 41,106,100; for the year 1974, 37,750,000; for 1975, 36,143,000.

U.S. employment in the industry, which has also been steadily declining over recent years, also shows signs of picking up. The total average monthly employment for the industry in 1975 was 163,000 workers, compared to 178,000 for the year 1974. For the first two months of 1976 the monthly average is 172,000 the highest since July, 1974.

Meanwhile, imports of the nonrubber footwear covered by the USITC recommendation (all except zoris and paper slippers) have been leveling off. In February, 1976, there were 29,238,000 pairs, down from 32,200,000 in January.

In considering the effect of import restraints on the International economic interests of the United States, as required by the Trade Act of 1974, I have concluded that such restraints would be contrary to the U.S. policy of promoting the development of an open, nondiscriminatory and fair world economic system. The goal of this policy is to expand domestic employment and living standards through increased economic efficiency.

I have directed the Secretaries of Commerce and Labor to give expeditious consideration to any petitions for adjustment assistance filed by footwear firms producing articles covered by the USITC report, and their workers. I have also instructed the Secretaries to file supplementary budget requests for adjustment assistance funds, if necessary, to carry out my program.

I have also directed the Special Representative for Trade Negotiations to monitor U.S. footwear trade, watching both the levels and quantities of imports as well as of domestic production and employment. If significant changes occur, they will be reported to me with appropriate recommendations.

GERALD R. FORD.

THE WHITE HOUSE, *April 16, 1976.*

MESSAGES FROM THE HOUSE

At 12:03 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 following bills in which it requests the concurrence of the Senate:

H.R. 13069. An act to extend and increase the authorization for making loans to the unemployment fund of the Virgin Islands;

H.R. 13172. An act making supplemental appropriations for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes.

The message also announced that the House has agreed to the concurrent resolution (H. Con. Res. 618) requesting the return of H.R. 8235 and directing its reenrollment, in which it requests the concurrence of the Senate.

At 2:12 p.m., a message from the House of Representatives delivered by Mr. Berry announced that the Speaker has appointed Mr. STEPHENS as a manager on the part of the House in the conference on the disagreeing votes of the two Houses on the bill (H.R. 8650) to assist low-income persons in insulating their homes, to facilitate State and local adoption of energy-conservation standards for new buildings, and to direct the Secretary of Housing and Urban Development to undertake research and to develop energy conservation performance standards, to fill the existing vacancy thereon.

The message also announced that the Speaker appointed as members on the part of the House of the delegation to attend the conference of the Interparliamentary Union in Acapulco and Mexico City Mr. HAMILTON, Mr. SATTERFIELD, Mr. JARMAN, Mr. DERWINSKI, Mr. CLANCY, and Mr. MCCLORY.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

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

PROPOSED SUPPLEMENTAL REQUEST FOR THE DEPARTMENT OF AGRICULTURE—(S. Doc. No. 94–175)

A communication from the President of United States transmitting an amendment to a proposed supplemental request for the fiscal year 1976 in the amount of $750,000 for the Department of Agriculture (with accompanying papers); to the Committee on Appropriations and ordered to be printed.

PROPOSED SUPPLEMENTAL APPROPRIATION FOR THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (S. Doc. No. 94–173)

A communication from the President of the United States transmitting a proposed supplemental appropriation for the fiscal year 1976 in the amount of $200 million for the International Fund for Agricultural Development (with accompanying papers); to the Committee on Appropriations, and ordered to be printed.

PROPOSED SUPPLEMENTAL APPROPRIATIONS FOR THE DEPARTMENT OF AGRICULTURE—(S. Doc. No. 94–174)

A communication from the President of the United States transmitting a proposed supplemental appropriation for the fiscal year 1976 in the amount of $5,985,000 for the Department of Agriculture (with accompanying papers); to the Committee on Appropriations, and ordered to be printed.

REPORT OF THE NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

A letter from the Administrator, National Aeronautics and Space Administration, transmitting, pursuant to law, a report with respect to contracts negotiated by NASA for the period July 1, 1975 through December 31, 1975 (with an accompanying report); to the Committee on Aeronautical and Space Sciences.

PROPOSED UPSTREAM WATERSHED PROTECTION WORK PLANS

A letter from the Director, Office of Management and Budget, Executive Office of the President, reporting, pursuant to law, on proposed work plans for upstream watershed protection; to the Committee on Agriculture and Forestry.

PAYMENTS UNDER CONTRACTS BY CURRENCIES OF FOREIGN COUNTRIES

A letter from the Assistant Secretary of Defense, reporting, pursuant to law, that no use was made of funds appropriated in the Defense Appropriation Act and the Military Construction Appropriation Act, 1976, during the period July 1–December 31, 1976, to make payments under contracts for any program, project, or activity in a foreign country except where, after consultation with a designee of the Secretary of the Treasury, it was determined that the use, by purchase from the Treasury, of currencies of such country acquired pursuant to law was not feasible for the reason that the Treasury Department was not holding excess foreign currencies in the country involved; to the Committee on Appropriations.

CERTIFICATION AS TO ADEQUACY OF SOIL SURVEY AND LAND CLASSIFICATION

A letter from the Deputy Assistant Secretary of the Interior, reporting, pursuant to law, on certification as to adequacy of soil survey and land classification as required by the 1954 Appropriation Act—Lands Serviceable by the Second Bacon Siphon and Tunnel for completion of the Columbia Basin Project, Washington (with accompanying papers); to the Committee on Appropriations.

RURAL ELECTRIFICATION ADMINISTRATION LOANS

A letter from the Administrator, Rural Electrification Administration, Department of Agriculture, reporting, pursuant to law, approval of an REA insured loan in the amount of $13,500,000 to Buckeye Power, Inc., of Columbus, Ohio; to the Committee on Appropriations.

A letter from the Acting Administrator, Rural Electrification Administration, Department of Agriculture, reporting, pursuant to law, approval of an REA insured loan to Southern Maryland Electric Cooperative, of Hughesville, Md., in the amount of $5,221,000 (with accompanying papers); to the Committee on Appropriations.

A letter from the Acting Administrator, Rural Electrification Administration, Department of Agriculture, reporting, pursuant to law, approval of an REA insured loan to Clay Electric Cooperative, of Keystone Heights, Fla., in the amount of $7,160,000 (with accompanying papers); to the Committee on Appropriations.

REPORT ON THE DEFENSE INDUSTRIAL RESERVE

A letter from the Assistant Secretary of Defense (Installations and Logistics), transmitting, pursuant to law, the second annual report on the Defense Industrial Reserve (with an accompanying report); to the Committee on Armed Services.

REPORT ON MILITARY PAY RAISE

A letter from the Acting Assistant Secretary of Defense (Manpower and Reserve Affairs), reporting, pursuant to law, on the adequacy of pays and allowances of the uniformed services (with accompanying papers); to the Committee on Armed Services.

PROPOSED FEDERAL SINGLE FAMILY MORTGAGE FORECLOSURE ACT

A letter from the Secretary of Housing and Urban Development, transmitting a draft of proposed legislation to provide improved and expedited procedures for foreclosure of single family mortgages owned or held by the United States pursuant to the National Housing Act and other Federal laws (with accompanying papers); to the Committee on Banking, Housing and Urban Affairs.

PROPOSED FEDERAL MULTIFAMILY MORTGAGE FORECLOSURE ACT

A letter from the Secretary of Housing and Urban Development, transmitting a draft of proposed legislation to provide improved and expedited procedures for foreclosure of multifamily mortgages owned or held by the United States pursuant to the National Housing Act and other Federal laws (with accompanying papers); to the Committee on Housing and Urban Development.

COMMENTS ON ALLOCATION OF BUSINESS UNIT GENERAL AND ADMINISTRATIVE EXPENSES TO FINAL COST OBJECTIVES

A letter from the Chairman, Cost Accounting Standards Board, transmitting, pursuant to law, comments on allocation

of business unit general and administrative expenses to final cost objectives (with an accompanying document); to the Committee on Banking, Housing and Urban Affairs.

REPORT OF THE EFFECT OF THE ABSENCE OF FIXED RATES OF COMMISSIONS

A letter from the Commissioner, Securities and Exchange Commission, transmitting, pursuant to law, a report on the effect of the absence of fixed rates of commissions (with an accompanying report); to the Committee on Banking, Housing and Urban Affairs.

NATIONAL RAILROAD PASSENGER CORPORATION ADDITIONAL APPROPRIATIONS

A letter from the President, National Railroad Passenger Corporation, transmitting, pursuant to law, a request for additional capital grant appropriations necessary to provide for the fiscal year 1976 transition period and fiscal year 1977 financial requirements of the agreements reached between Amtrak and ConRail for Amtrak purchase of the Northeast corridor and certain "off-corridor" rail properties (with accompanying papers); to the Committee on Commerce.

PROPOSED LEGISLATION TO AMEND THE MOTOR VEHICLE INFORMATION AND COST SAVINGS ACT

A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to amend the Motor Vehicle Information and Cost Savings Act of 1972 to authorize appropriations for fiscal year 1978 (with accompanying papers); to the Committee on Commerce.

REPORTED ACTIONS BY THE COUNCIL OF THE DISTRICT OF COLUMBIA

Three letters from the Chairman, Council of the District of Columbia, transmitting, pursuant to law, certain actions taken by the Council (with accompanying papers); to the Committee on the District of Columbia.

PROPOSED AID TO FAMILIES WITH DEPENDENT CHILDREN AMENDMENTS OF 1976

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 (with accompanying papers); to the Committee on Finance.

REPORT ON THE OPERATION AND EFFECT OF THE DOMESTIC INTERNATIONAL SALES CORPORATION LEGISLATION

A letter from the Secretary of the Treasury, transmitting, pursuant to law, a report on the operation and effect of the domestic international sales corporation legislation (with an accompanying report); to the Committee on Finance.

PROPOSED INTERNATIONAL SECURITY ASSISTANCE ACT, FISCAL YEAR 1977

A letter from the Secretary of State, transmitting a draft of proposed legislation to amend the Foreign Assistance Act of 1961 and the Foreign Military Sales Act, and for other purposes (with accompanying papers); to the Committee on Foreign Relations.

PROPOSED AMENDMENT OF THE ARTICLES OF AGREEMENT OF THE INTERNATIONAL MONETARY FUND

A letter from the Chairman, National Advisory Council on International Monetary and Financial Policies, Department of the Treasury, transmitting, pursuant to law, a special report on the proposed amendment of the Articles of Agreement of the International Monetary Fund and on the proposed increase in quotas in the International Monetary Fund (with an accompanying report); to the Committee on Foreign Relations.

REPORTS OF THE COMPTROLLER GENERAL

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on contractors' use of altered work schedules for their employees, Department of Labor (with an accompanying report); to the Committee on Government Operations.

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on opportunities for improving internal auditing, Department of Transportation (with an accompanying report); to the Committee on Government Operations.

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report discussing how the Department of Defense has managed its drug and alcohol control programs (with an accompanying report); to the Committee on Government Operations.

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on maintaining a military presence in an industrial environment—issues and costs, Naval Weapons Support Center, Crane, Ind., Department of Defense (with an accompanying report); to the Committee on Government Operations.

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report describing 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, Social and Rehabilitation Service, Department of Health, Education, and Welfare (with an accompanying report); to the Committee on Government Operations.

A letter from the Comptroller General of the United States transmitting, pursuant to law, a report on the need to control Federal warning system proliferation (with an accompanying report); to the Committee on Government Operations.

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report discussing the less than satisfactory results achieved when Law Enforcement Assistance Administration (LEAA) funds were applied to the renovation or construction of local jails, Law Enforcement Assistance Administration, Department of Justice (with an accompanying report); to the Committee on Government Operations.

REPORT OF THE OFFICE OF MANAGEMENT AND BUDGET

A letter from the Deputy Director of the Office of Management and Budget transmitting, pursuant to law, a report on Presidential Advisory Committee Recommendations (with an accompanying report); to the Committee on Labor and Public Welfare.

REPORTS OF THE COMPTROLLER GENERAL

A letter from the Comptroller General of the United States transmitting, pursuant to law, a list of reports of the GAO for the month of March 1976 (with accompanying papers); to the Committee on Government Operations.

PROPOSED ACT OF THE COUNCIL OF THE DISTRICT OF COLUMBIA

A letter from the Chairman of the Council of the District of Columbia transmitting, pursuant to law, a draft of an act adopted by the Council (with accompanying papers); to the Committee on the District of Columbia.

PUBLISHED REGULATION OF THE DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

A letter from the Executive Secretary to the Department of Health, Education, and Welfare transmitting, pursuant to law, a published regulation of the Department relating to discretionary grant programs (with accompanying papers); to the Committee on Labor and Public Welfare.

PROPOSED LEGISLATION OF THE SECRETARY OF COMMERCE

A letter from the Secretary of Commerce transmitting a draft of proposed legislation to amend section 304 of the Marine Protection, Research, and Sanctuaries Act of 1972, as amended (with accompanying papers); to the Committee on Commerce.

CONSTRUCTION PROJECTS OF THE ARMY RESERVE

A letter from the Deputy Assistant Secretary of Defense transmitting, pursuant to law, notification of 11 construction projects to be undertaken by the Army Reserve (with accompanying papers); to the Committee on Armed Services.

REPORT OF THE DEFENSE CIVIL PREPAREDNESS AGENCY

A letter from the Director of the Defense Civil Preparedness Agency reporting, pursuant to law, on property acquisitions of emergency supplies and equipment; to the Committee on Armed Services.

REPORT OF THE FOREIGN CLAIMS SETTLEMENT COMMISSION

A letter from the Chairman of the Foreign Claims Settlement Commission transmitting, pursuant to law, a report on the Freedom of Information Activities of the Commission during the calendar year 1975 (with an accompanying report); to the Committee on the Judiciary.

REPORT OF THE EXPORT-IMPORT BANK

A letter from the Chairman of the Export-Import Bank of the United States transmitting, pursuant to law, a report on the activities of the Bank during February 1976 (with an accompanying report); to the Committee on Banking, Housing and Urban Affairs.

PROPOSED LEGISLATION BY THE DEPARTMENT OF STATE

A letter from the Assistant Secretary of State transmitting a draft of proposed legislation to authorize Special Agents of the Department of State to make arrests during the investigation of passport and visa law violations and to carry firearms (with accompanying papers); to the Committee on Foreign Relations.

REPORT OF THE PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION

A letter from the Chairman of the Pennsylvania Avenue Development Corporation transmitting, pursuant to law, the annual report of the Corporation dated January 29, 1976 (with an accompanying report); to the Committee on Interior and Insular Affairs.

REPORTS OF THE COMPTROLLER GENERAL

Eleven letters from the Comptroller General of the United States each transmitting a report entitled as follows: (1) Rotation Policies and Practices Have Been Changed for the Better—But Room for Improvement Remains;" (2) "Formidable Administrative Problems Challenge Achieving National Flood Insurance Program Objectives;" (3) "Uses of Minicomputers in the Federal Government: Trends, Benefits, and Problems;" (4) "Revenue Sharing Fund Impact on Midwestern Townships and New England Counties;" (5) "Summary of Open GAO Recommendations for Legislative Action;" (6) "Status and Issues Relating to the Space Transportation System;" (7) "The Congress Should Consider Repealing the 4¼ Percent Interest Rate Limitation on Long-Term Public Debt;" (8) "Acquisition of Public Buildings by Leasing and Purchase Contracting;" (9) "Federal Efforts To Extend Winter Navigation on the Great Lakes and the St. Lawrence Seaway—Status and Problems To Be Resolved;" (10) "Review of the 1974 Project Independence Evaluation System" (with accompanying reports); to the Committee on Government Operations; and a report entitled "Need for Improvement in Small Business Administration's Financial Management" (with an accompanying report); to the Committee on Banking, Housing and Urban Affairs.

PROPOSED LEGISLATION BY THE ADMINISTRATIVE OFFICE OF THE U.S. COURTS

A letter from the Director of the Administrative Office of the U.S. Courts transmitting a draft of proposed legislation to authorize the Judiciary Conference to fix fees and costs in the U.S. District Court for the District of Columbia (with accompanying papers); to the Committee on the Judiciary.

REPORT OF THE ENVIRONMENTAL PROTECTION AGENCY

A letter from the Freedom of Information Officer of the Environmental Protection Agency transmitting, pursuant to law, a report on the operation of freedom of information activities during the calendar year 1975 (with an accompanying report); to the Committee on the Judiciary.

REPORT OF THE ATTORNEY GENERAL

A letter from the Attorney General transmitting, pursuant to law, a report of the Department of Justice relating to its intention to establish a new system of records (with an accompanying report); jointly, by unanimous consent, to the Committee on Government Operations and the Committee on the Judiciary.

Mr. ROBERT C. BYRD subsequently said: Mr. President, I ask unanimous consent that a communication from the Attorney General, relative to a Justice Department report on establishing a new system of records, be referred jointly to the Committee on Government Operations and the Committee on the Judiciary.

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

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. RIBICOFF, from the Committee on Government Operations, with an amendment, and an amendment to the title:

S. 2477. A bill to provide more effective disclosure to Congress and the public of certain lobbying activities to influence issues before the Congress, and for other purposes (together with additional views) (Rept. No. 94–763).

By Mr. KENNEDY, from the Committee on Labor and Public Welfare, with an amendment:

S. 1737. A bill to amend the Public Health Service Act to encourage the establishment of uniform standards for licensing and regulation of clinical laboratories, and for other purposes (Rept. No. 94–764).

SCIENCE AND TECHNOLOGY POLICY (H.R. 10230) CONFERENCE REPORT (REPT. NO. 94–765)

Mr. KENNEDY submitted a 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. 10230) to establish a science and technology policy for the United States, to provide for scientific and technological advice and assistance to the President, to provide a comprehensive survey of ways and means for improving the Federal effort in scientific research and information handling, and in the use thereof, to amend the National Science Foundation Act of 1950, and for other purposes, which was ordered to be printed.

HOUSE BILLS REFERRED

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

H.R. 13069. An act to extend and increase the authorization for making loans to the unemployment fund of the Virgin Islands; to the Committee on Finance.

H.R. 13172. An act making supplemental appropriations for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes; to the Committee on Appropriations.

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. BURDICK:

S. 3323. A bill to amend title 5 of the United States Code to provide for the collection of State taxes by the withholding, by Federal agencies, of State taxes from the pay of Federal employees if a State provides that any employee may voluntarily elect the withholding. Referred to the Committee on Finance.

By Mr. SPARKMAN:

S. 3324. A bill for the relief of Gonzalo A. Aguilar. Referred to the Committee on the Judiciary.

By Mr. BEALL:

S. 3325. A bill for the relief of Adolf Richard Pichler. Referred to the Committee on the Judiciary.

By Mr. BEALL:

S. 3326. A bill to authorize the construction of a water diversion structure on the Potomac River, Md., subject to execution of an agreement providing for equitable allocation of available water during low flow periods of the Potomac River. Referred to the Committee on Public Works.

By Mr. METCALF (for Mr. JACKSON, and Mr. FANNIN) (by request):

S. 3327. A bill to authorize loan funds for the Government of the Virgin Islands and for other purposes. Referred to the Committee on Interior and Insular Affairs.

By Mr. STONE:

S. 3328. A bill to amend the Internal Revenue Code of 1954 to exempt certain State and local government retirement systems from taxation, and for other purposes. Referred to the Committee on Finance.

By Mr. BAYH (for Mr. HARTKE), (for himself, Mr. PHILIP A. HART, Mr. PERCY, Mr. MONDALE, Mr. JACKSON, Mr. HUMPHREY, and Mr. STEVENSON):

S. 3329. A bill to amend the act establishing the Indiana Dunes National Lakeshore to provide for the expansion of the lakeshore, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BURDICK:

S. 3323. A bill to amend title 5 of the United States Code to provide for the collection of State taxes by the withholding, by Federal agencies, of State taxes from the pay of Federal employees if a State provides that any employee may voluntarily elect the withholding. Referred to the Committee on Finance.

Mr. BURDICK. Mr. President, I feel very strongly that we should make every effort to give Federal employees the benefit of Federal laws which most other working Americans enjoy. As many of my colleagues know, this has been a goal for which I have worked since coming to the Senate in 1960. This has been a goal of mine during my years of service on the Senate Post Office and Civil Service Committee.

Today, Mr. President, it is my pleasure to introduce legislation which will, if enacted, go one step further in equalizing the tax treatment of Federal civil servants. Many Federal employees in several States have discovered at tax time that State income taxes have not and cannot be withheld from their paychecks. As a result, these individuals are confronted with lump sum State tax obligations on April 15 of each year.

I am introducing this legislation not because civil servants are unable to budget so as to meet their obligations; this, for the most part, is not so. Rather, the primary motivation for this legislation is the need for the Congress to clarify its intent regarding title 5 of the United States Code, section 5517. The Federal Government should provide all Federal civil servants the privilege of voluntary withholding of State income taxes, a privilege enjoyed by most other working Americans.

Mr. President, many States have laws on the books mandating the withholding of State income taxes. The Department of the Treasury has had no problem in instituting procedures for withholding of State income taxes in these States. However, in those States where withholding of State income taxes is voluntary, the U.S. Civil Service Commission has interpreted section 5517 of title 5 of the United States Code to prohibit withholding of State income taxes from Federal employee paychecks.

My staff and I, along with several other individuals, have been working on this matter over a period of years. Most helpful has been the staff of the Joint Committee on Internal Revenue Taxation, especially Mr. Laurence Woodworth, chief counsel, and Mr. Mike Bird, staff attorney with the joint committee. Messrs. Woodworth and Bird report that the Treasury Department has no objection to amending the law to require withholding of State income taxes in those States where withholding is voluntary. Furthermore, the Civil Service Commission has suggested legislative clarification of this matter. In addition, I have had letters from several Federal employees asking for such a change. In my mind, this is a wholly reasonable and equitable proposal. I ask, Mr. President, that every consideration be given so as to expedite this matter.

Mr. President, I ask unanimous consent that correspondence giving background on this legislation be printed in the RECORD.

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

MARCH 17, 1967.

Mr. A. R. HAUSAUER,
Income Tax Deputy, North Dakota Tax Department, Bismarck, N. Dak.

DEAR MR. HAUSAUER: This refers to your letter dated March 10, advising that the 1967 legislature has passed a non-resident withholding law, and that you would like to

enter into an agreement with the Secretary of the Treasury for the withholding of State income tax from the compensation of Federal employees under such law. You also mentioned that the general withholding law passed in 1965 was defeated in a general election.

The Secretary of the Treasury pursuant to the Act of July 17, 1952 (66 Stat. 765; 5 U.S.C. 84b) and Executive Order 10407, is authorized to enter into an agreement with a State for the withholding of State income tax from Federal employees where (1) the law of such State provides for collection of a tax by imposing upon employers generally the duty of withholding sums from compensation of employees, and (2) the duty to withhold is imposed generally with respect to the compensation of employees who are residents of such State. Accordingly, there is no basis for entering into an agreement with the State of North Dakota for the withholding of State income tax from the compensation of only non-resident Federal employees.

Please be assured that if a general withholding law is enacted in North Dakota, your request for a withholding agreement will receive prompt attention.

Very truly yours,

———— ————,
Commissioner of Accounts.

NORTH DAKOTA AMERICAN
POSTAL WORKERS UNION,
September 23, 1974.

Senator QUENTIN N. BURDICK,
Senate Office Building,
Washington, D.C.

DEAR SENATOR BURDICK: The federal government says that the North Dakota income tax law is discriminatory. As a federal employee, I would like to have state income taxes withheld from my check and in checking with the state tax department, I was given the following explanation. Anyone from out of state working in North Dakota must have his taxes withheld by the employer. Residents have the option of having the tax withheld provided the employer agrees. On this basis, the federal government has ruled that government employees cannot have the option because the tax law is discriminating.

At our last state convention of the postal clerks, a resolution was passed to see if we could get this changed. I have made 3 trips to the tax department in Bismarck. They have no objection to withholding, however I don't think the climate is right to try to get a law passed although I have made arrangements to have such a bill introduced at the next session.

I would like from you if at all possible, a copy of the federal law which states that our state law is discriminatory or at least some more information on it. It is not fair that the federal employee cannot have the option at least of having their tax withheld. That to me is discriminatory.

Respectfully Yours,

MIKE CARROLL,
President, American Postal Workers Union.

AMERICAN POSTAL WORKERS
UNION, AFL–CIO,
Minot, N. Dak., January 25, 1975.

Hon. QUENTIN BURDICK,
Senate Office Building,
Washington, D.C.

DEAR SENATOR BURDICK: I have written you previously concerning the withholding of North Dakota State income taxes for federal employees. In your letter of October 17, 1974, you included a letter from the Internal Revenue Service which stated if North Dakota would pass a general withholding law, then federal employees could have state taxes withheld as non-federal employees do.

During the past 2 weeks, I have contacted members from this legislative district, spoken to the state tax department and tried to get the present law amended to provide for general withholding. All told me that it would be next to impossible to pass a law providing for mandatory withholding. The tax department suggested I contact you in an attempt to have the federal law amended.

I am enclosing a copy of the federal statue that explains the procedure whereby the federal government will enter in to an agreement with any state that complies with the federal statute.

We would like to have the federal statute amended to provide for the withholding of state taxes without the present requirements. We feel that it is unfair and discriminatory for the federal employee not to be able to have state taxes withheld as other employees do. I would deeply appreciate any thing that you could do to help us.

Respectfully Yours,

MIKE CARROLL,
President, North Dakota American Postal Workers Union.

MINOT, N.D.,
February 18, 1975.

Hon. QUENTIN N. BURDICK,
U.S. Senator, Senate Office Building,
Washington, D.C.

GENTLEMEN: Since this is the income tax season, I have been talking with a number of postal and other federal employees who, like myself, are interested in trying to get approval from somewhere to have a voluntary system whereby North Dakota state income tax may be withheld from U.S. Postal Service and other Federal payroll checks.

We would appreciate your investigation into this matter to see how it might be accomplished.

Sincerely,

JAMES A. WHITE.

U.S. CIVIL SERVICE,
BUREAU OF POLICIES AND STANDARDS,
Washington, D.C., January 21, 1976.

Mr. W. WASSERSTEIN,
Director, Government Accounting Systems Staff, Bureau of Government Financial Operations, Department of the Treasury, Washington, D.C.

DEAR MR. WASSERSTEIN: We have reviewed your proposal that the Civil Service Commission consider amending its voluntary allotment regulations to extend coverage to the two States with which you are unable to enter into agreement for tax withholding under the law administered by your Department.

We have concluded that it would not be appropriate for us to recommend to the Commissioners a change in the regulations of the nature you suggest.

The current laws in these two states extend the tax to non-residents only (New Jersey) or provide for mandatory withholding only for non-residents (North Dakota). While the Commission has provided in its regulations for withholding of State taxes for residents who work outside the State, it would seem to us to be inconsistent with the intent of the law to provide for withholding taxes from non-residents when residents, for whom the mandatory withholding provision of the law was specifically intended, have no taxes withheld.

We have, furthermore, received no indication that there is any significant support among employees for an extension of the voluntary withholding regulations to the circumstances you describe and I think we could very probably find that, if the regulations were amended to permit this withholding, the provision would be little used.

The Congress having acted on the matter of tax-withholding, we believe an extension of the sort discussed here should properly be a matter for its consideration. Accordingly, it is our opinion that should you desire to pursue this matter further you may wish to seek an amendment to the law.

Sincerely yours,

ARCH S. RAMSAY,
Director.

CONGRESS OF THE UNITED STATES,
Washington, D.C., January 23, 1976.

Hon. QUENTIN N. BURDICK,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BURDICK: This is to inform you of our action in regard to your request concerning the feasibility of the Federal Government withholding State income taxes in those States where withholding is optional.

We have discussed this with the Treasury Department which has, in turn, been working with the Civil Service Commission to see if it would be possible to work out a voluntary withholding arrangement under existing law. Treasury would prefer to do it that way if possible because of its concern over the precedent for subsequent Federal Government withholding where it is voluntary at the local level if the law were so modified. The Civil Service Commission is still working on this. I will check further on it and let you know when we get some results.

If such an accommodation is not possible, the Treasury has no basic objection to changing the law to Federal withholding of State income taxes in cases where withholding is voluntary if it is limited to the States. I think such an amendment would be appropriate but agree with Treasury that it would be desirable to hold off action on this until we can try and reach a similar result without legislation.

Sincerely yours,

LAURENCE N. WOODWORTH.

CONGRESS OF THE UNITED STATES,
Washington, D.C., March 6, 1976.

Hon. QUENTIN N. BURDICK,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BURDICK: Treasury Department has responded to our inquiry and transmitted a report by the Civil Service Commission which says the Commission does not believe that under existing law it could implement Federal withholding of State income taxes in those States where withholding is voluntary. A copy of the letter from Mr. Arch S. Ramsay, Director, Bureau of Policies and Standards, Civil Service Commission, is enclosed.

David Mosso, Fiscal Assistant Secretary of the Treasury Department has said that the Treasury Department has no objection to amending the law to require Federal withholding of State income taxes in those States where withholding is voluntary.

If you would like me to prepare legislation to achieve this result, I would be glad to do so.

Sincerely yours,

LAURENCE N. WOODWORTH.

By Mr. BEALL:

S. 3326. A bill to authorize the construction of a water diversion structure on the Potomac River, Md., subject to execution of an agreement providing for equitable allocation of available water during low flood periods of the Potomac River. Referred to the Committee on Public Works.

Mr. BEALL. Mr. President, I am sending to the desk a bill which would, if enacted, provide the Washington Suburban Sanitary Commission, which serves a significant portion of the Wash-

ington metropolitan area, an adequate pool of water for water supply intake. It is important to note, Mr. President, that this action will require absolutely no Federal funding.

The bill would authorize the construction of a Potomac River weir in the Watkins Island area; provided that an agreement is executed to insure the equitable allocation of available water during low flow periods of the Potomac River.

Mr. President, because of the obvious importance of providing the Washington area with an adequate and equitably allocated water supply, I urge the Water Resources Subcommittee of the Public Works Committee to hold hearings on this bill at the earliest possible date and that the full committee act favorably upon it.

By Mr. METCALF (for Mr. JACKSON and Mr. FANNIN) (by request):

S. 3327. A bill to authorize loan funds for the Government of the Virgin Islands and for other purposes. Referred to the Committee on Interior and Insular Affairs.

Mr. METCALF. Mr. President, by request, I send to the desk, on behalf of the Senator from Washington (Mr. JACKSON) and the Senator from Arizona (Mr. FANNIN), a bill to authorize loan funds for the Government of the Virgin Islands and for other purposes.

Mr. President, this draft legislation was submitted and recommended by the Department of the Interior, and I ask unanimous consent that the executive communication accompanying the proposal from the Secretary of the Interior be printed in the RECORD.

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

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C.

Hon. CARL B. ALBERT,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: Enclosed is a draft bill "To authorize loan funds for the Government of the Virgin Islands and for other purposes."

We recommend that the bill be referred to the appropriate Committee for consideration and that it be enacted.

At present there is a fiscal crisis confronting the territorial Government of the Virgin Islands. This crisis is due to the state of the economy and government revenue collection capability. Tourism—the largest industry and major contributor to the gross domestic product of the Virgin Islands—has declined over the past three years. This decline was caused by the worldwide recession, local disturbances, and the reduced attraction of the islands' freeport status. The latter was the result of the devaluation of the U.S. dollar and the lowering of tariff barriers on the mainland United States. The decline in tourism precipitated the reduction of public revenues from this industry.

In addition to this revenue decline, the Tax Reduction Act of 1975 (and the amendment which extended it) with its rebate provisions, negative income tax, liberalized investment credits, and other tax reduction features, further reduced the revenues available to the Virgin Islands Government.

The purpose of the Tax Reduction Acts was to stimulate the economy. While this was achieved in the continental United States, the Acts had the opposite result in the Virgin Islands.

In practice, under the Tax Reduction Acts, people would have more money to spend, which would improve the demand for goods and services. This would have a multiplier effect on the economy, and thus it would improve. Such was true in the United States. However, most of the goods and services in the Virgin Islands come from the continental United States. The new money in the Virgin Islands quickly went to the mainland without improving the Virgin Islands economy. Estimated losses of Virgin Islands Government revenues as a result of these Acts approximate $15 million.

The loss of government revenues meant a corresponding reduction in expenditures. Since the taxing authority and public indebtedness of the Virgin Islands is, by law, far more restricted than that of the U.S. Government or many States, the Virgin Islands cannot compensate for the loss of revenues.

At the beginning of fiscal year 1976 the revenues projected for the Government of the Virgin Islands exceeded $132 million. Proposed expenditures for government operating costs were equal to that amount. That revenue amount included $20 million in anticipated receipts from custom duties on petroleum products imported into the United States from the Virgin Islands. However, the Department of Justice has ruled that there is no legal authority in the U.S. to make these payments, and thus, they are not available. Actual receipts for the first half of fiscal year 1976 suggest maximum receipts of $92.5 million from all taxes, fees and fines, including moneys collected from hospital operations. Executive action such as reducing expenditures and increasing revenues yielded a balanced budget of $117.1 million.

This included the transfer into the operating budget of capital improvement funds in excess of $25 million, a severe curtailing of government services, and a personnel reduction of 346 employes. The government is the primary employer in the Virgin Islands and the rate of unemployment prior to the government layoff already exceeded 9% of the work force.

In the areas of health and education these reductions have been most pronounced. The reductions in health personnel required reducing the number of hospital beds and limited the service capability of the Virgin Islands' two hospitals.

The schools are understaffed and overcrowded. In 1970 the school system admitted all non-citizen (alien) school-age children legally residing in the Virgin Islands. The enrollment increase since then had been 58.3%, with a serious impact on education services.

To meet its service responsibilities to its citizens, the Government of the Virgin Islands has, from 1971 through 1975, deferred $31 million worth of capital improvement projects to make these moneys available for operating expenses. Without financial relief, an additional $30 million in capital projects will have to be deferred in fiscal years 1976 and 1977. This is a total of $61 million for the period fiscal years 1971 through 1977.

The Government of the Virgin Islands needs legislation and Federal assistance through loans to stimulate the economy. Such assistance will allow the territory to balance the operating budget at an acceptable level of services by fiscal year 1979.

The attached draft bill would deal with the effects of the Tax Reduction Acts and the deferred capital improvements projects. Section 1 would amend the Act of July 14, 1921, to authorize the Government of the Virgin Islands to levy a surtax, not to exceed 10%, on the future income taxes payable to the Government of the Virgin Islands. The 1921 Act provides that the income tax laws in force in the United States shall be likewise in force in the U.S. Virgin Islands, except that the proceeds of Virgin Islands taxes shall be paid into the Virgin Islands Treasury. This amendment would enable the Government of the Virgin Islands to respond to changes in the income tax laws of the United States. Along with the present estimated $15 million loss in revenues, the Virgin Islands expects to lose $5 million annually in future revenues under the Tax Reduction Acts.

Section 2 would authorize loans up to $15 million to supplement the operations budgets of the Government of the Virgin Islands for their fiscal years 1977 and 1978. Their operating expenditures for fiscal year 1975 amounted to $117 million; fiscal year 1976 expenditures are projected at $117.1 million. The Government of the Virgin Islands has proposed an austerity budget of $118.6 million for fiscal year 1977 but estimates revenues at only $110.1 million. There is a shortfall of $8.5 million. Given the effects of inflation and past cuts in expenditures, government services are already at unacceptably low levels. A loan of $15 million would allow the balancing of local 1977 and 1978 budgets at acceptable levels of services. These loans for operations taken together with the economic recovery stimulated by the capital improvement program loans proposed in section 3 would result in increased revenue collections by the government. It would then be capable of balancing its fiscal year 1979 budget without further assistance.

Section 3 would authorize $61 million in loans to bring the Virgin Islands long-delayed capital improvement program up-to-date. How quickly these funds are requested for appropriation will depend upon review of proposals by the Government of the Virgin Islands, however the legislation would allow the funding to be spread out over five years. The Virgin Islands cannot borrow for non-revenue producing purposes under the Revised Organic Act of the Virgin Islands. Thus, if the capital improvement program is to be implemented at this time, the Virgin Islands will need a Federal loan.

Section 4 would provide the conditions and repayment provisions for the loans authorized pursuant to sections 2 and 3. Amortization of the loans would begin July 1, 1982 and be paid back over 10 years, with interest equal to the average yield of outstanding marketable obligations of the United States of comparable maturities. In our judgment, since funds will become available to the Virgin Islands through the expiration of certain industrial tax exemptions in 1978 and 1981, the government will be readily able to amortize any debt incurred through this provision. It is anticipated that after 1981 the Government of the Virgin Islands will benefit from up to $100 million annually in additional revenues due to the expiration of these exemptions.

Under section 5 of the draft bill, the Secretary would be able to place any stipulations he deems appropriate on the loans to the U.S. Virgin Islands.

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

Sincerely yours,

———— ————,
Secretary of the Interior.

By Mr. STONE:

S. 3328. A bill to amend the Internal Revenue Code of 1954 to exempt certain State and local government retirement systems from taxation, and for other pur-

poses. Referred to the Committee on Finance.

LEGISLATION TO PROTECT STATE PENSION PLANS

Mr. STONE. Mr. President, I am today introducing legislation which would correct a possible, unintended result following the enactment of the Pension Reform Act of 1974. Some Internal Revenue Service interpretations of section 501 and section 6058 of the Internal Revenue Code, as amended by the Pension Reform Act of 1974, have raised the distinct possibility that State pension plans would be subject to Federal income taxation and be burdened by certain Federal Government reporting requirements.

Having reviewed the history of the Pension Reform Act of 1974, I am convinced that Congress did not intend either of these results. Taxation of State pension fund income by the Federal Government would threaten the financial viability of these employee-pension plans and would be contrary to the constitutional principle of nontaxation by the Federal Government of State property and income.

This problem has been considered by the National Governors Conference and the National Conference of State Legislatures. It is my understanding that a number of present State pension plans face the threat of Federal taxation of their income unless legislation is enacted to correct these recent IRS rulings.

The legislation I introduced today would simply exempt State and local government retirement systems from Federal income tax liability and the burden of unnecessary reporting requirements. I urge the Senate Finance Committee to review this matter carefully and expeditiously. The integrity of our State pension plans and the future economic security of their beneficiaries are at stake.

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

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

S. 3328

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 501(c)(11) of the Internal Revenue Code of 1954 (relating to teachers' retirement fund associations) is amended to read as follows:

"(11)(A) Retirement systems, trusts, or funds of a State, a political subdivision of a State, or an agency or instrumentality of a State or a political subdivision of a State.

"(B) Teachers' retirement fund associations of a purely local character, if—

"(i) No part of their net earnings insures (other than through payment of retirement benefits) to the benefit of any private shareholder or individual, and

"(ii) the income consists solely of amounts received from public taxation, amounts received from assessments on the teaching salaries of members, and income in respect of investments.".

(b) The amendment made by subsection (a) shall apply to taxable years beginning after September 2, 1974.

SEC. 2. (a) Section 6058 of the Internal Revenue Code of 1954 (relating to information required in connection with certain plans of deferred compensation) is amended by redesignating subsection (d) as (e), and by inserting after subsection (c) the following new subsection:

"(d) Exception.—This section shall not apply with respect to plans maintained by a State, a political subdivision of a State, or an agency or instrumentality of a State or a political subdivision of a State.".

(b) The amendment made by subsection (a) shall apply with respect to plan years beginning after September 2, 1974.

By Mr. BAYH (for Mr. HARTKE, himself, Mr. PHILIP A. HART, Mr. PERCY, Mr. MONDALE, Mr. JACKSON, Mr. HUMPHREY, and Mr. STEVENSON):

S. 3329. A bill to amend the act establishing the Indiana Dunes National Lakeshore to provide for the expansion of the lakeshore, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

Mr. BAYH. Mr. President, northwestern Indiana, bordering the southern tip of Lake Michigan, contains unique natural formations of sand dunes and ridges which were shaped over the 15,000 years since the retreat of the ice-age glaciers. Ten years ago, Congress enacted legislation to protect a substantial portion of this natural area and establish the Indiana Dunes National Lakeshore. Today, I am pleased to introduce for Senator HARTKE, myself, and several other of my distinguished colleagues a bill which will expand the authorized boundaries of the existing Indiana Dunes National Lakeshore and insure the protection of remaining pristine and environmentally significant areas.

The bill introduced today represents the culmination of over 25 years of efforts to preserve the natural state of the unique Indiana dunes topography. In 1964, the Senate passed legislation which would have established an 11,000-acre national lakeshore, similar to that which will be completed with the passage of this bill. Necessary compromises ultimately resulted in the enactment in 1966 of the existing 5,600-acre Indiana Dunes National Lakeshore. Since that time, many people have continued to toil long and hard in order to make it possible to complete the work left unfinished 10 years ago.

The provisions of the bill which we are offering are intended to achieve several diverse but interrelated goals. First, permanent protection will be afforded to presently vulnerable natural areas. This protection will insure the preservation of these areas for the enjoyment of the millions of people who will visit the national lakeshore annually and for the geologists, archeologists and other scholars for whom the study of these unique areas is important to achieving a better understanding of the history of our world.

Second, this bill will provide the over 7 million residents of northern Indiana and the greater Chicago metropolitan area with largely expanded recreational facilities. As many of my colleagues may recall, the original Indiana Dunes National Lakeshore Act represented the first empirical application of the concept of creating national recreational areas in heavily urbanized areas. The 10 years since have demonstrated the viability of that concept and the need to expand the existing lakeshore facilities.

Third, many of the areas in the existing lakeshore are not adequately protected from the degradation which is a result of the surrounding urban environment. This expansion bill is designed to afford necessary and reasonable protection to those areas and to create boundaries which the National Park Service will be able to more easily manage.

Finally, we have incorporated in our expansion bill provisions essential to the continued vitality of Northwestern Indiana. Acreage necessary to continued economic development has not been included in the boundaries of the national lakeshore. In several instances, special provisions have been drafted to enable the inclusion of environmentally significant acreage without the disruption of adjoining commercial and industrial operations and without endangering the safety of persons visiting the national lakeshore. We have also maintained provisions in the original Indiana Dunes National Lakeshore Act which were intended to enable residential property owners within the boundaries of the authorized lakeshore to continue to live in their homes for a reasonable period of time. This has been accomplished through the suspension of the Government's condemnation authority over residential property until such time as the title to such property is transferred.

As many of you know, the House of Representatives has already passed legislation to expand the existing Indiana Dunes National Lakeshore. While that bill, H.R. 11455, is a step in the right direction, I believe the bill we are offering today is a far better one. In addition to 4,325 of the 4,340 acres included in the House passed bill, we are proposing the addition of approximately 330 additional acres of extremely significant natural areas. The inclusion of this additional acreage will be accomplished without infringing on areas which are essential to the continued existence of industry in the area. Also, we have included provisions to expand the options offered residential property owners within the lakeshore boundaries in order to insure preservation of area support for the national lakeshore and an orderly and acceptable property acquisition policy.

Mr. President, I would like to urge my colleagues to consider the Indiana Dunes National Lakeshore expansion bill which I am introducing today in light of our Nation's growing awareness of the need to preserve the increasingly scarce unique natural areas that have always made this one of the, if not the most, diverse, and beautiful countries in the world. The Indiana dunes is such an area and deserves the expanded protection to be afforded by this bill.

Mr. President, I ask unanimous consent to include in the RECORD a statement by the distinguished senior senator from Indiana (Mr. HARTKE).

Mr. President, I also ask unanimous consent to include in the RECORD the text of the Indiana Dunes National Lakeshore expansion bill we are introducing today.

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

STATEMENT OF SENATOR VANCE HARTKE

I am today introducing a bill to expand the Indiana Dunes National Lakeshore by 4,686 acres for myself and my distinguished colleagues, Mr. Bayh, Mr. Hart of Michigan, Mr. Mondale, Mr. Jackson, Mr. Percy, Mr. Humphrey, and Mr. Stevenson.

The history of the creation and expansion of the Lakeshore is indeed lengthy and complex. My involvement with the Lakeshore dates back to 1959, when I first entered the Senate. In 1961, I introduced legislation to create the Lakeshore—the principle behind the bill was that recreation and industry could exist side-by-side in the Lake Michigan Shoreland with each in its own place. I am pleased that that same principle is reflected in the bill I propose today to expand the Lakeshore.

The existing Lakeshore is located on the southeastern shore of Lake Michigan, amidst one of the most highly industrialized areas in the nation. Within a one and one-half hours drive are approximately 10 million people—people who will increasingly need the advantages that this beautiful natural resource, with its white, sandy beaches, wooded dunelands, valuable wetlands, stream valleys, and native grasses, affords.

The original proposal for the Indiana Dunes National Lakeshore was to include over 11,000 acres. Time and compromise resulted in a reduction of that figure to approximately 5,600 acres in 1966 when the Lakeshore was established. Expansion legislation is long overdue. The House recently passed expansion legislation to include valuable and precious areas into the Lakeshore—the first time that body has passed expansion legislation related to the Lakeshore. Therefore, we are closer now to preserving this area than ever before. Expansion of the Lakeshore enjoys the strong support of area residents and virtually every major environmental organization in the State of Indiana. Numerous local governmental officials and many labor, professional and civic associations have joined forces to urge the preservation of this treasured resource. The time to act is now to protect what has already been achieved and to preserve what could be lost forever.

The sponsors of this bill have four broad purposes in mind as we propose expansion. First, we wish to preserve additional areas of unique and outstanding character which are presently outside the boundaries of the Lakeshore. Secondly, it is necessary, in some instances, to acquire additional land to keep the parkland safe from further encroachment. Thirdly, our bill is intended to bolster the recreational potential of the Lakeshore by adding lands particularly suited for that purpose. Finally, to ensure the continued vitality of Northwest Indiana, we have excluded certain acreage essential to the continued economic development of the area.

I would like now to provide information regarding those parcels which we propose which are additional to those contained in HR 11455, the expansion bill recently passed by the House. We would add 346 acres to the 4,340 proposed by the House measure. A breakdown of that acreage follows.

In Unit I–B East, we propose that a 40-acre tract be acquired. This land represents the best of high duneland in the 201-acre area proposed in previous expansion legislation. We have included a provision for industry, namely Midwest Steel which owns lands immediately north and south of this area, to retain access across the area.

In Unit IV–B, 141 acres of the eastern section of the Little Calumet River area which is unchannelized would provide for hiking and seasonal white water canoeing.

In Unit II–C exist three small parcels intended for inclusion in 1966 totaling approximately 60 acres which would round out the park's southern boundary in this area and bring it in conformance with the natural edge of the dunes topography.

In Unit II–A, in the Northern Indiana Public Service Company "Greenbelt" area, we would add approximately 30 acres of the area which is immediately adjacent to the existing Lakeshore where that utility maintains ash dumping sites which threaten Cowles Bog, a National Natural Landmark within the Lakeshore. Provision is made in the legislation to assist the utility in identification of acceptable areas outside the boundaries of the Lakeshore for the disposal of their industrial solid wastes.

In Unit I–A East we would add 24 acres of wooded duneland to the buffer zone in the Ogden Dunes area. This acreage, which is now threatened with development, will serve to help absorb what will be the heaviest recreational use in the entire dunes system, the adjacent West Beach unit.

We propose the inclusion of the 98-acre Unit VI–A, the Nipissing Dune Ridges and Swale. While this is a detached area, the sponsors believe that the quality of the combination of long, narrow dune ridges and meadows which display unique prairie grasses and wildflowers more than justify its inclusion within the Lakeshore.

Also included in the legislation is a provision which suspends the Secretary of the Interior's authority to acquire residential property by condemnation. I do not believe that residents should be forced to sell their properties or lose their homes. However, should an owner wish to sell his or her property, it must first be offered to the National Park Service at a price not to exceed the fair market value. Should the National Park Service refuse to purchase the property, the owner may then sell to whomever he or she wishes. We have also included that such right of first refusal need not be offered to the Park Service in the case of transfer of title solely from the owner or joint owners to his or her spouse.

At this time I wish to commend Congressman Floyd Fithian, whose dedication to and intense interest in striking a just balance of those interests involved in this difficult expansion issue, are reflected in the bill which he introduced. Many difficult compromises were reached by Congressman Fithian only after conducting hearings and weighing many hours of debate.

I also wish to thank Congressmen Ed Roush, John Brademas and Ray Madden for their active support, interest and dedication to the preservation of these areas.

With the exception of two of the three small parcels in area II–C, the areas which are included in the bill I am introducing today are areas which were proposed for addition to the Lakeshore in the Senate in 1974. The value of these lands make them essential for preservation. This bill is now some 600 acres smaller than the bill we submitted only two years ago and, as such, should be considered a minimal proposal. The opportunity to preserve this unequaled natural resource for the present and the future exists now, but, if lost, will not come again.

S. 3329

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act entitled "An Act to provide for the establishment of the Indiana Dunes National Lakeshore, and for other purposes", approved November 5, 1966 (80 Stat. 1309), as amended (16 U.S.C. 460u), is further amended as follows:

(1) The last sentence of the first section of such Act is amended by striking out "'A Proposed Indiana Dunes National Lakeshore' dated September 1966, and bearing the number 'LNPNE–1008–ID'" and inserting in lieu thereof "'Boundary Map, Indiana Dunes National Lakeshore', dated April 1976 and bearing the number '626–91005'".

(2) Section 3 of such Act is amended by inserting the following at the end of the first sentence: "By no later than January 1, 1977, the Secretary shall publish in the Federal Register a detailed description of the boundaries of the lakeshore and shall from time to time so publish any additional boundary changes as they may occur.".

(3) The first sentence of section 4(b) of such Act is amended by inserting immediately after "was begun before" the following: "February 1, 1973, or, in the case of improved property located within the boundaries delineated on a map identified as 'A Proposed Indiana Dunes National Lakeshore', dated September 1966, and bearing the number 'LNPNE–1008–ID', which map is on file and available for public inspection in the office of the Director of the National Park Service, Department of the Interior, before".

(4) Section 4 of such Act is amended by inserting the following new subsection (c):

"(c) The suspension of the Secretary's authority to acquire improved property by condemnation as provided in this section is contingent upon the Secretary being given the first opportunity to purchase such property or interests therein, at a price not to exceed the fair market value of such property, prior to the consummation of any transfer of the title to such property, except that the Secretary need not be given such opportunity to purchase when title is transferred solely from the owner or joint owner to his or her spouse: *Provided,* That such first opportunity to purchase is held open for a period of four months from the date the Secretary is notified by the property owner of any contemplated or necessary transfer of title.".

(5)(a) Section 6(a) of such Act is amended by revising the first sentence thereof to read as follows: "Any owner or owners, having attained age of majority, of improved property on the date of its acquisition by the Secretary may, as a condition to such acquisition, retain the right of use and occupancy of the improved property for noncommercial residential purposes for a term ending on the death of the owner or the death of his or her spouse, whichever occurs last, or for a term of twenty-five years, or for such lesser term as the owner or owners may elect at the time of acquisition by the Secretary.".

(b) Section 6 of such Act is further amended by inserting the following new subsection (c):

"(c) Nonpayment of property taxes, validly assessed, or any retained right of use and occupancy shall be grounds for termination of such right by the Secretary. In the event the Secretary terminates a right of use and occupancy under this subsection he shall pay to the owners of the retained right so terminated an amount equal to the fair market value of the portion of said right which remained unexpired on the date of termination.".

(6)(a) Section 8(b) of such Act is amended (A) by striking out "seven members" and inserting in lieu thereof "eleven members", and (B) by striking out "and" immediately after "State of Indiana;", and (C) by striking out "Portage," immediately after "Dune Acres," and (D) by inserting immediately after "designated by the Secretary" the following: "; (7) one member who is a year-round resident of the city of Gary to be appointed from recommendations made by the mayor of such city; (8) one member who is a year-round resident of the towns of Highland, Griffith, or Schererville to be appointed from recommendations made by the board of trustees of such towns; (9) one member who is a year-round resident of the city of Portage to be appointed from recommendations made by the mayor of such

city; and (10) one member who holds a reservation of use and occupancy and is a year-round resident within the lakeshore to be designated by the Secretary.".

(b) Section 8 of such Act is further amended by inserting the following new subsection (f):

"(f) The Advisory Commission is authorized to assist with the identification of economically and environmentally acceptable areas, outside the boundaries of the lakeshore, for the handling and disposal of industrial solid wastes produced by the coal-fired power plant located in Porter County, Indiana, section 21, township 37 north, range 6 west, as designated on map numbered 626–91005.".

(7) Section 10 of such Act is amended to read as follows: "There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act, but not more than $93,381,900 for the acquisition of lands and interests in lands, and not more than $8,500,000 for development. By December 31, 1978, the Secretary shall develop and transmit to the Committees on Interior and Insular Affairs of the United States Congress a final master plan detailing the development of the national lakeshore consistent with the preservation objectives of this Act, indicating:

"(1) the facilities needed to accommodate the health, safety and recreation needs of the visiting public;

"(2) the location and estimated cost of all facilities, together with a review of the consistency of the master plan with State, areawide, and local governmental development plans;

"(3) the projected need for any additional facilities within the national lakeshore; and

"(4) specific opportunities for direct citizen participation in the planning and development of proposed facilities and in the implementation of the master plan generally.".

(8) Such Act is amended by adding at the end thereof the following:

"SEC. 11. (a) With respect to those portions of the lakeshore authorized for acquisition by the Ninety-fourth Congress any acquisition of lands or interests therein shall not diminish any existing (as of March 1, 1975) rights-of-way or easements which are necessary for high voltage electrical transmission, pipelines, water mains, or line-haul railroad operations and maintenance.

"(b) Subject to such regulations as the Secretary deems advisable to protect the natural and recreational values for which the lakeshore was established, he may permit widening of rights-of-way or easements existing on the date of enactment of this section across areas II–E and II–F as designated on such map numbered 626–91005 for State, county, city or private roads; or for electric utilities, pipelines, water mains, or conveyors.

"SEC. 12. (a) Nothing in this Act shall be construed as prohibiting any otherwise legally authorized cooling, process, or surface drainage into the part of the Little Calumet River or Burns Waterway located within the lakeshore.

"(b) The authorization of lands to be added to the lakeshore by the Ninety-fourth Congress, as indicated on map numbered 626–91005 and the administration of such lands as part of the lakeshore shall in and of itself in no way operate to render more restrictive the application of Federal, State or local air and water pollution standards to the uses of property outside the boundaries of the lakeshore, nor shall it be construed to augment the control of water and air pollution sources in the State of Indiana beyond that required pursuant to applicable Federal, State, or local law.

"SEC. 13. (a) The Secretary shall be authorized to acquire, by donation, or negotiated purchase agreeable to all parties, the remaining lands and waters between Burns Waterway and the eastern boundary of area I–C within section 25, township 37 north, range 7 west, as designated on map numbered 626–91005. The authority of the Secretary to acquire such lands and waters by condemnation shall be suspended on the condition that the Secretary is given the first opportunity to purchase such property or interests therein at the stated price, not to exceed fair market value.

"SEC. 14. The Secretary shall construct an adequate safety fence along the eastern edge of area I–C, within section 25, township 37 north, range 7 west, as designated on map numbered 626–91005, at the time that said land is acquired.

SEC. 15. Within one year after the date of the enactment of this section, the Secretary shall submit, in writing, to the Committees on Interior and Insular Affairs and to the Committees on Appropriations of the United States Congress a detailed plan which shall indicate—

"(1) the lands which he has previously acquired by purchase, donation, exchange, or transfer for administration for the purpose of the lakeshore, and

"(2) the annual acquisition program (including the level of funding) which he recommends for the ensuing five fiscal years.

"SEC. 16. (a) the Secretary may acquire only such interest in the right-of-way designated 'Crossing A' on map numbered 626–91005 as he determines to be necessary to assure public access along the banks of the Little Calumet River within fifty feet north and south of the centerline of said river.

"(b) The Secretary may acquire only such interest in the right-of-way designated as 'Crossing B' on map numbered 626–91005 as he determines to be necessary to assure public access across said right-of-way: *Provided*, That the landowner of said right-of-way shall enter into a cooperative agreement with the Secretary. Such agreement shall provide that any roadway constructed by the landowner south of U.S. Route 12 within said right-of-way shall include grading, landscaping and plantings of vegetation designed to prevent soil erosion and to minimize the aural and visual impacts of such construction, and of traffic on such roadway, as perceived from adjacent lands administered by the Secretary.

"SEC. 17. The Secretary shall enter into a cooperative agreement with the landowner of those lands north of the Little Calumet River between the Penn Central Railroad bridge within area II–E and 'Crossing A' within area IV–C. Such agreement shall provide that any roadway constructed by the landowner south of United States Route 12 within such vicinity shall include grading, landscaping, and plantings of vegetation designed to prevent soil erosion and to minimize the aural and visual impacts of such construction, and of traffic on such roadway, as perceived from the Little Calumet River.

"SEC. 18. After notifying the Committees on Interior and Insular Affairs of the United States Congress, in writing, of his intention to do so and of the reasons therefor, the Secretary may, if he finds that such lands would make a significant contribution to the purposes for which the lakeshore was established, accept title to any lands, or interests in lands, located outside of the boundaries of the lakeshore but contiguous thereto or to lands acquired under this section, such lands the State of Indiana or its political subdivisions may acquire and offer to donate to the United States or which any private person, organization, or public or private corporation may offer to donate to the United States and he may administer such lands as a part of the lakeshore after publishing notice to that effect in the Federal Register.

"SEC. 19. With respect to the property identified as area VI-B on map numbered 626–91005, the Secretary shall proceed with the acquisition of said property only after entering into a cooperative agreement with the State of Indiana which shall specify that 50 per centum of the purchase price of the property, exclusive of the administrative costs associated with its acquisition, shall be borne by the State. Notwithstanding any other provision of law, the Secretary may accept title to the property with the restriction that said title shall revert to the ownership of the State if the property ceases to be used for the purposes of the national lakeshore. The Secretary may enter into a cooperative agreement whereby the State, any political subdivision thereof, or any nonprofit organization, may undertake to manage and interpret such area in a manner consistent with the purposes of this Act. The Secretary shall consult the State with respect to the management and operation of area VI-B.".

"SEC. 20. The Secretary shall construct adequate safety fences along the western edge of area I-E and eastern and southern edges of area I-A East, as designated on map numbered 626–91005, at the time that said land is acquired.".

ADDITIONAL COSPONSORS OF BILLS AND RESOLUTIONS

S. 2475

At the request of Mr. HUGH SCOTT, the Senator from Indiana (Mr. BAYH), the Senator from Idaho (Mr. CHURCH), the Senator from Kansas (Mr. DOLE), the Senator from Arizona (Mr. GOLDWATER), the Senator from Minnesota (Mr. HUMPHREY), the Senator from South Dakota (Mr. MCGOVERN), the Senator from Oregone (Mr. PACKWOOD), the Senator from West Virginia (Mr. RANDOLPH), and the Senator from Texas (Mr. TOWER) were added as cosponsors of S. 2475, a bill to modify the distribution requirements of private foundations.

S. 2635

At the request of Mr. BAYH (for Mr. HARTKE), the Senator from California (Mr. CRANSTON) was added as a cosponsor of S. 2635, a bill to amend title 38, United States Code, to modify the pension program for veterans of the Mexican border period, World War I, World War II, the Korean conflict, and the Vietnam era and their survivors, and for other purposes.

S. 2910

At the request of Mr. SCHWEIKER, the Senator from Michigan (Mr. PHILIP A. HART) was added as a cosponsor of S. 2910, a bill to establish the National Diabetes Advisory Board.

S. 3138

At the request of Mr. RIBICOFF, the Senator from Oregon (Mr. PACKWOOD) was added as a cosponsor of S. 3138, a bill to deny certain benefits to taxpayers who participate in the boycott of Israel.

S. 3192

At the request of Mr. BAYH (for Mr. HARTKE), the Senator from Wyoming (Mr. HANSEN), the Senator from Wyoming (Mr. MCGEE), the Senator from Alabama (Mr. SPARKMAN), the Senator from Mississippi (Mr. EASTLAND), the Senator from South Dakota (Mr. MCGOVERN), and the Senator from Pennsylvania (Mr. SCHWEIKER) were added as

cosponsors of S. 3192, the Consumer Communications Reform Act, 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 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.

S. 3209

At the request of Mr. HUMPHREY, the Senator from Kentucky (Mr. HUDDLESTON) was added as a cosponsor of S. 3209, a bill to establish fiscal incentives for the conversion of existing oil-fired and gas-fired powerplants and industrial boilers and heat devices to coal as a primary energy source, and for other purposes.

S. 3226

At the request of Mr. BURDICK, the Senator from New Jersey (Mr. WILLIAMS) was added as a cosponsor of S. 3226, a bill to amend title 38 of the United States Code.

S. 3227

At the request of Mr. HUMPHREY, the Senators from North Dakota (Mr. YOUNG and Mr. BURDICK), the Senator from Indiana (Mr. BAYH), the Senator from Nevada (Mr. CANNON), the Senator from New Jersey (Mr. CASE), the Senator from New Hampshire (Mr. MCINTYRE), and the Senator from Alabama (Mr. SPARKMAN) were added as cosponsors to S. 3227, a bill to accelerate solar energy research and development within the Energy Research and Development Administration, and for other purposes.

SENATE JOINT RESOLUTION 95

At the request of Mr. BAKER, the Senator from North Dakota (Mr. BURDICK) was added as a cosponsor of Senate Joint Resolution 95, designating the month of September as National Gospel Music Month.

SENATE RESOLUTION 401

At the request of Mr. CLARK, the Senator from Minnesota (Mr. HUMPHREY) was added as a cosponsor of Senate Resolution 401, expressing the advice and consent of the Senate to ratification of the Treaty of Friendship and Cooperation between the United States of America and Spain, and related instruments.

SENATE RESOLUTION 413

At the request of Mr. RIBICOFF, the Senator from California (Mr. CRANSTON) was added as a cosponsor of Senate Resolution 413, to assure freedom of the press at the Olympic games.

SENATE RESOLUTION 420

At the request of Mr. BAYH (for Mr. HARTKE), the Senator from Indiana (Mr. BAYH) was added as a cosponsor to Senate Resolution 420, a bill commending the Indiana University basketball champions.

SENATE RESOLUTION 435—SUBMISSION OF A RESOLUTION AUTHORIZING SUPPLEMENTAL EXPENDITURES BY THE SELECT COMMITTEE TO STUDY GOVERNMENTAL OPERATIONS WITH RESPECT TO INTELLIGENCE ACTIVITIES

(Referred to the Committee on Rules and Administration.)

Mr. SCHWEIKER (for Mr. CHURCH) submitted the following resolution:

SENATE RESOLUTION 435

Resolved, That section 2 of Senate Resolution 377, 94th Congress, agreed to March 1, 1976, is amended by striking out "$450,000" and inserting in lieu thereof "$515,000".

NOTICE OF HEARINGS ON S. 2762—A BILL TO ESTABLISH A NATIONAL COURT OF APPEALS

Mr. BURDICK. Mr. President, as chairman of the Judiciary Subcommittee on Improvements in Judicial Machinery, I wish to announce that open public hearings will be held for the consideration of S. 2762, a bill to establish a National Court of Appeals.

The hearings will be held on May 19 and 20, 1976, in room 2228 of the Dirksen Senate Office Building, commencing at 10 a.m., and on subsequent dates to be announced later.

Persons who wish to testify or submit a statement for inclusion in the RECORD should communicate, as soon as possible, with the subcommittee office, 6306 Dirksen Senate Office Building, telephone 224–3618.

NOTICE OF HEARING ON S. 1130—A BILL RELATING TO SERVICE AS CHIEF JUDGE OF A U.S. DISTRICT COURT

Mr. BURDICK. Mr. President, as chairman of the Judiciary Subcommittee on Improvements in Judicial Machinery, I wish to announce that an open public hearing will be held for the consideration of S. 1130, a bill relating to service as Chief Judge of a U.S. District Court on May 18, 1976.

The hearing will be held in room 6202, Dirksen Senate Office Building, commencing at 10 a.m.

Persons who wish to testify or submit a statement for inclusion in the RECORD should communicate, as soon as possible, with the subcommittee office, 6306 Dirksen Senate Office Building, telephone 224–3618.

NOTICE OF HEARING

Mr. EASTLAND. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Monday, May 3, 1976, at 9:30 a.m., in room 2228, Dirksen Senate Office Building, on the following nominations:

George C. Pratt, of New York, to be U.S. district judge for the eastern district of New York, vice Anthony J. Travia, resigned.

Ross N. Sterling, of Texas, to be U.S. district judge for the southern district of Texas, vice Allen B. Hannay, retired.

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

The subcommittee will consist of the Senator from Arkansas (Mr. MCCLELLAN), the Senator from Nebraska (Mr. HRUSKA), and myself as chairman.

NOTICE OF HEARINGS ON BILLS TO PROVIDE A FEDERAL DEATH BENEFIT TO THE SURVIVORS OF PUBLIC SAFETY OFFICERS

Mr. MCCLELLAN. Mr. President, I wish to announce for the information of the Members and the public that the Subcommittee on Criminal Laws and Procedures of the Committee on the Judiciary will hold open hearings on May 4, 1976, on bills S. 1527 and S. 2572 to provide a Federal death benefit to the survivors of public safety officers.

The hearings will begin at 10 a.m. in room 2228, Dirksen Senate Office Building.

Additional information on the hearing is available from the staff in room 2204—DSOB, telephone area code 202–224–3281.

NOTICE CONCERNING NOMINATION BEFORE THE COMMITTEE ON THE JUDICIARY

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

Eldon L. Webb, of Kentucky, to be U.S. attorney for the eastern district of Kentucky for the term of 4 years, vice Eugene E. Siler, Jr., resigned.

On behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in this nomination to file with the committee, in writing, on or before Monday, May 3, 1976, any representations or objections they may wish to present concerning the above nomination with a further statement whether it is their intention to appear at any hearing which may be scheduled.

ANNOUNCEMENT OF HEARINGS

Mr. METCALF. Mr. President, in accordance with the rules of the Committee on Interior and Insular Affairs, I wish to advise my colleagues and the public that the following hearings and business meetings have been scheduled before the committee for the next 2 weeks:

April 27: Joint business meeting, Interior and Agriculture Committees, 10 a.m., room 324, Russell Office Bldg., markup, S. 2926, S. 3091, and S. 2851, legislation addressing issues raised by recent court decisions affecting timber cutting practices in national forests.

April 28: Full committee, 10 a.m., room 3110, business meeting. Pending calendar business.

April 29: Joint business meeting, Interior and Agriculture Committees, 10 a.m., room 324, Russell Office Bldg., markup, S. 2926, S. 3091, S. 2851, legislation addressing issues raised by recent court decisions affecting timber cutting practices in national forests.

April 30: Environment and Land Resources Subcommittee, 10 a.m., room 3110, hearing. S. 3071, grazing fees legislation.

April 30: Energy Research and Water Resources Subcommittee, 10 a.m., room to be determined, hearing. S. 3145, the Energy Conservation Institute bill, and S. 3259, the energy extension bill.

May 3: Indian Affairs Subcommittee, 10 a.m., room 3110, hearing. Oversight hearing on Quechan Tribe Land issue.

May 3: Energy Research and Water Resources Subcommittee, 10 a.m., room 1223 DSOB, business meeting. S. 3105, the ERDA authorization bill.

May 4: Indian Affairs Subcommittee, 10 a.m., room 3110, hearing. S. 2780, a bill to amend the Indian Claims Commission Act of August 13, 1946, and for other purposes.

May 5: Full committee, 10 a.m., room 3110, business meeting. Pending calendar business.

May 6: Energy Research and Water Resources Subcommittee, 10 a.m., room 3110, hearing. Oroville-Tonasket Reclamation project, S. 3283.

NOTICE OF HEARINGS ON MONETARY POLICY

Mr. PROXMIRE. Mr. President the Committee on Banking, Housing and Urban Affairs will hold 3 days of public hearings on the conduct of monetary policy on May 3, 4, and 5, each day at 10 a.m. in room 5302 of the New Senate Office Building.

All persons wishing to testify should contact Mr. John Henderson, room 5300, New Senate Office Building, telephone: 224–0893.

FARMERS HOME HEARING SCHEDULED

Mr. CLARK. Mr. President, on May 1, the Rural Development Subcommittee of the Committee on Agriculture and Forestry will hold a field hearing in Bondurant, Iowa, to review Farmers Home Administration operations in the State. This hearing is part of a comprehensive, 2-year subcommittee study of FmHA intended to identify the Agency's strengths and weaknesses, and to improve management and services where needed.

I have invited both State and national officials of FmHA to testify as well as Iowa farmers and rural community leaders. Public witnesses are also welcome to attend and submit testimony either orally or in writing.

The hearing will be held at the Bondurant Community School auditorium from 11 to 3. Prior to the hearing, I, along with local officials, will conduct a tour of Bondurant's FmHA-assisted municipal water systems to demonstrate the kinds of projects possible through Farmers Home. Witnesses and the public are invited to participate in this tour which will leave from the school at 10 a.m.

ADDITIONAL STATEMENTS

THE RETIREMENT OF JOSEPH J. SISCO

Mr. HARRY F. BYRD, JR. Mr. President, Under Secretary of State for Political Affairs, Joseph J. Sisco, plans to retire from Government service at the end of June, a decision the Senator from Virginia regrets.

Secretary Sisco has been a State Department official for more than 25 years and is one of the ablest of the many able persons in our Foreign Service. He is a man of ability, courage, and integrity.

Former Ambassador Henry J. Taylor, the noted columnist, had an excellent piece on Mr. Sisco which was published in the Richmond Times-Dispatch of Friday, April 16.

I ask unanimous consent that Mr. Taylor's commentary be printed in the RECORD.

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

JOSEPH SISCO, UNSUNG HERO

(By Henry J. Taylor)

The departure of Under Secretary of State for Political Affairs Joseph J. Sisco, the department's No. 2 man, strikes a heavy blow. This remains a world of men and decisions. Sisco weighs things; he is on top of everything. Unsung Sisco is absolutely indispensable.

He has been a State Department official since 1951—more than 25 years—and on Jan. 1, 1974, he privately told Secretary Kissinger that the time had come for him to leave. Scholar (A.B., M.A., Ph. D. and Phi Beta Kappa) as well as statesman, Sisco was offered the presidency of Hamilton College.

Sisco knows the Middle East like he knows the back of his hand: the presidents, premiers and whatnot and their personalities and rivalries in an area which is seldom quite what it seems. He has negotiated repeatedly and intimately with Israeli Premier Rabin and Egyptian President Sadat. He operates as well through our embassy in Israel and through able, Arabic-speaking U.S. Ambassador to Egypt Hermann F. Eilts, a tower of strength in the Mideast who served six years as our ambassador to Saudi Arabia.

Secretary Kissinger personally persuaded Sisco not to leave at that time and, instead, offered him the department's No. 2 place. But now the trustees of the American University in Washington have asked Sisco to take the presidency, and at long last he is leaving.

Sisco is a fog-cutter in the face of the department's layer upon layer of committee's superimposed one on the other and intertwined one inside the other like Chinese ivory balls. Each day the department's communications center sends and receives an average 200,000 words overseas. This is more than the combined daily wordage of United Press International and the Associated Press.

These messages frequently end up in committees about which within the department you hear a famous saying: "The committees are there so that most everyone can duck the blame if something goes wrong."

Next, there are the interdepartmental clearances. Behind the scenes, President Ford or Secretary Kissinger make few, if any, foreign policy decisions that are not interdepartmentalized. Making foreign policy is a collective process. It usually involves many departments and agencies and many anonymous U.S. officials, sometimes as many as 500 of them.

This extends overseas. We have 115 embassies. At the end of World War II, there were fewer than half that many. Today, incredibly, four-fifths of the people in our embassies belong to other U.S. government departments or agencies. For example, a full 800 of the 1,000 staff in London report to agencies other than the State Department.

Astoundingly, at least 44 U.S. government departments and agencies are concerned with forming and implementing foreign policy.

Kissinger and Sisco are often as disarmed and as defused as Samson with his hair gone.

Once the State Department finally completes its internal clearances, there must frequently be clearance from the Defense Department, the CIA, the Treasury or Commerce Department and, finally, the National Security Council. A month or more may be consumed before the matter ever reaches the desks of Kissinger or Sisco.

This whole ball of wax is a system unique in all the world.

The State Department has only about 25,000 full-time employes. (Only the Labor Department has fewer.) Something like 1,000 are foreign nationals. Tragically, there are only about 3,500 Foreign Service officers of all grades. They must man the State Department in Washington and all 263 U.S. diplomatic posts throughout the world, including our consulates.

Moreover, a little-known quirk in the law has the effect of increasing their pensions if they end their careers earlier than normal. More than 100 top, seasoned Foreign Service officers—true departmental linchpins—plan to retire early.

Meanwhile, contrary to popular impression, the State Department is all but penniless. Its budget, worldwide, is only about $500 million. This is not even one half of one per cent of the 1976 national budget.

Unsung Joseph Sisco leaves our country in his debt.

FREDERICK, MD., "ALL-AMERICA CITY"

Mr. MATHIAS. Mr. President, the city of Frederick, Md., has been designated an "All-America City" by the National Municipal League. It is one of the 10 cities so honored with an award that has special meaning in this Bicentennial Year. I know that my colleagues join me in saluting all 10 of these all-American cities, but I hope I may be forgiven for noting with special pride the selection of my home town, Frederick, for this honor. Mr. President, the Frederick News-Post commented on the all-America award in editorial in its April 16 issue. The editorial was entitled "Hour of Triumph," and I ask unanimous consent that it be printed in the RECORD.

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

HOUR OF TRIUMPH

The momentous tidings that Frederick has won the status of an "All-America City" in the all-important Bicentennial year awakens us to a great hour of triumph. It is what the poet called an "instant made eternity" in which our historic city radiates as a cynosure of this great nation.

It is no chance victory such as a lottery win. Neither is it a gracious gift handed out of courtesy. It is a prize we have won, an honor we have deserved, a glory we have earned through years of tenacious reflection, concerted campaign and assiduous endeavor. The achievement, unique as it is, entitles

every citizen of Frederick to pause for a moment to brag to his countrymen and—with equal propriety—to his ownself.

The Fredericktonian deserves to felicitate himself because, as Mayor Ronald N. Young aptly put it yesterday: "The recognition is a real tribute to the city and to the great number of citizens who get involved and worked hard for the betterment of this community." In fact, the saga of this proud city of Francis Scott Key-Barbara Fritchie-Thomas Johnson has been, to quote Mayor Young again, "a story of a city made great by its people—both past and present."

But it bears mention here that the recognition which the city has earned owes mainly to what has been done and is being done by the "present" generation at the present time. To what more can a history-conscious generation aspire than a reassurance that it is worthy of its illustrious forebears?

The yardstick with which the awards jury selected the 10 "All-America Cities" of the year is "citizen activism." Their decision was based on the success of public participation in the improvement of quality of life, completion of community-serving projects and pursuit of ideals of local self-government. Frederick, as also nine other successful cities, has apparently demonstrated outstanding records of conformity with these standards of the National Municipal League.

The Aladdin's lamp of today's citizen action in this city, it is pertinent to recall, is the corollary of a long drawn-out process. It marks the culmination of an organized journey from despair to hope—a movement galvanized by groups and organizations some of which were itinerant, others enduring. They range from the ephemeral Fredericktown Association of 1961 to the seemingly solidified Frederick Improvement Foundation, Inc., of today. And their diverse ideas and experimentations were manifest in the untried Marcou, O'Leary plan of mid-1960s to the enthusiastically-pursued building renovation program of Operation Town Action of the past year.

The glory conferred upon this city is a tribute to all those group efforts, regardless of the success they scored or frustration they suffered. For, all major human achievements are, in the final analysis, products of trial and error.

It is well nigh impossible to cite all the individuals and organizations that contributed to this checkered march from the morass of desperation to the threshold of recovery, and insure fair play to all. And yet, one would be equally unfair not to pay tribute at least to the few dedicated persons who are identified with the current flurry of citizen action in Frederick.

Mayor Young was correct to say "it's a tribute to the city," in that the present upsurge of revitalization effort synchronized with the induction of the present mayor and Board of Alderman. Downtown revitalization was one of their foremost election pledges and they have proved true to their word and equal to the onerous task it entails.

No less important a role was played in the so-called "renaissance" by the leaders of Operation Town Action, which was utilized "as an umbrella" for public involvement in the various rejuvenation projects. Town Action has, in fact, come to epitomize citizen action in Frederick.

While an episode of history is wrought by numerous humans, it usually is symbolized by one single hero, who provides its leadership and its sheet-anchor. The resurgent Frederick of today doubtless identifies this helmsman in Ronald Young, who has finally beckoned this pre-Revolutionary city to one of its finest hours ever. Young deserves a special congratulation not only because he is in the vanguard of the town revitalization effort, but also because he has had to take all the heat and odium of those affected adversely by the changes or disagreed with their rationale.

No tribute can, perhaps be greater to Young than the note of reminder: The future will little note nor long remember what his critics said yesterday, but can never forget what he helped to achieve for them today.

The occasion, elating though it is, also calls for a moment of reflection. And it would be frankly self-deluding if we try to shut our eyes to the less pleasant realities of the city life while rejoicing over accomplishment.

The whole purpose of the award is, according to the NML chairman, "to encourage citizen-initiated, community goal-setting probem solving." The idea behind is to help the winning communities reach greater peaks of success. The objective of the honors will be lost should we become too self-complacent to continue our effort for further betterment of the community.

We can ill-afford, for instance, to blink the fact that the business conditions in downtown Frederick is still less than very encouraging. The city is already dotted with a host of empty stores, while others are planing to leave downtown. We should also note that the city's financial capacity to undertake any more major uplift plan has almost been exhausted, while citizens are chafing under an all-time high tax rate.

What the award signifies in practical terms is the beginning—and not the culmination—of an era that we all hope will greet us with progress and prosperity. In other words, the trophy we have won is meant to be a means to a greater end. To construe it as an end in itself will defeat its purpose—and boomerang.

VIETNAMESE ELECTIONS, APRIL 25, 1976

Mr. McGOVERN. Mr. President, yesterday voters in North and South Vietnam went to the polls to elect representatives to the new national assembly. This election represents the political reunification of the two sections of Vietnam. Some 492 members from North and South Vietnam will be elected to the national assembly.

It is significant that persons who fought on both sides of the recent military struggle in Vietnam are participating in the election. Former Gen. Duong Van Minh who surrendered South Vietnam to the Communist forces on April 30, 1975, not only participated in the election but urged other citizens to join him in voting for a unified Vietnam. South Vietnam's distinguished Foreign Minister Nguyen Thi Binh described the election as "The most important day in the history of our country." Government officials reported a turnout of some 90 percent of all citizens above the age of 18.

Mr. President, as one who has long favored a political rather than a military settlement of the problems of Vietnam, I am pleased that the scheduled elections have gone forward. I wish the people of Vietnam well in their efforts to establish a unified, independent nation.

I ask unanimous consent that articles appearing in today's New York Times under the bylines of Mr. Fox Butterfield and the UPI be printed in the RECORD.

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

[From the New York Times, Apr. 26, 1976]

HANOI GENERAL WAS SURPRISED AT SPEED OF SAIGON'S COLLAPSE

(By Fox Butterfield)

HONG KONG, April 25.—North Vietnam's leaders did not expect their offensive last year to achieve complete victory and were surprised by the speed of Saigon's collapse, according to a lengthy new account by Hanoi's Chief of Staff of the war's final battles.

Gen. Van Tien Dung, the Chief of Staff, reported that when hundreds of thousands of South Vietnamese troops and civilians fled in panic from Pleiku in the Central Highlands, beginning that rout, he was almost incredulous.

"Why such a retreat? And who had given the order for it?" he writes, Hanoi's Politburo and top generals had planned only a series of attacks that would set the stage for a general offensive and uprising in 1976 to "completely liberate the South."

General Dung's disclosure is contained in a remarkably detailed and candid account of how Hanoi planned and achieved its final victory in South Vietnam last year. The report, written in the first person, is being carried in serialized form by two of Hanoi's official newspapers, Nhan Dan and Quan Doi Nhan Dan, under the title "Great Spring Victory—A Summation of Senior General Van Tien Dung of the Combat Situation in the Spring of 1975."

So far nine installments totaling about 40,000 words have appeared, bringing the narrative up to the sudden abandonment of Pleiku on March 16, six weeks before the fall of Saigon. It is not known how many more articles will appear.

General Dung's account is evidently timed to coincide with the first anniversary of the Communists' triumphant entry into Saigon on April 30 and with today's election in North and South Vietnam for a unified national assembly.

General Dung and Vo Nguyen Giap, North Vietnam's Minister of Defense, jointly published last July a much shorter and less detailed report of the victory.

DIRECTED FROM HANOI

Apparently because the Communists have now essentially achieved reunification of the North and the South, General Dung makes no effort to preserve Communist statements that there was a separate movement in the South, which they called the National Liberation Front and Americans termed the Vietcong.

On the contrary, General Dung, who is a member of the Politburo of the Lao Dong or Workers' Party, provides a vivid description of how the Politburo and the Central Military Party Committee, operating from what he calls "Dragon House" in Hanoi, directed the war.

For instance, the general reports that to supply their forces in the South 30,000 North Vietnamese troops and "Shock youths," including women, built a network of roads inside South Vietnam after the 1973 Paris peace agreement ended American bombing. The new network, which he says was 12,000 miles long replaced the less convenient Ho Chi Minh Trail farther west in Laos and Cambodia.

Included in the new system were one 25-foot-wide highway from the North Vietnamese border to Loc Ninh near Saigon, 3,000 miles of oil pipelines and a cable-telephone system linking Hanoi with Loc Ninh. As a result of this system, General Dung says, when the 316th North Vietnamese Division was ordered to move from North Vietnam to the Central Highlands in the South, it was transported directly in 500 trucks.

General Dung, a 59-year-old native of North Vietnam, records that he was relegated by the Politburo to go to the South to take personal command of the main part of

the 1975 campaign, which was to be launched in the Highlands.

SOUTHERNERS CALLED TO HANOI

To conceal his involvement and to prevent American or South Vietnamese intelligence from discovering that a major offensive was about to occur, General Dung took elaborate precautions. His personal Soviet-made Volga sedan continued to make its regular rounds to his house and office after his departure, and "late in the afternoon, the troops would come to the courtyard at my house to play volleyball as usual, because I have the habit of playing volleyball after the afternoon working hours with them."

The general's secretary, who accompanied him to the South, feigned illness and was taken by ambulance to a hospital, from which he could leave without his neighbors suspecting anything.

General Dung makes several other disclosures and important points.

Hanoi reached its decision to attack in the Central Highlands, and to begin with an assault on the town of Ban Me Thuot, at a series of Politburo meetings from Dec. 18 to Jan. 8. The senior Communist officials in South Vetnam, including Pham Hung, the fourth-ranking member of the Politburo, and Gen. Tran Van Tra, whom recent Communist articles have identified as the southern military commander, were called to Hanoi to attend the meetings.

The Central Highlands and particularly Ban Me Thuot were selected as the theater of battle, General Dung related, because Hanoi had learned that President Nguyen Van Thieu believed the Communists would attack Tay Ninh, near Saigon, and had stationed fewer troops in the highlands than in any other area.

Moreover, Saigon's commander in the highlands, Gen. Pham Van Phu, "miscalculated" that if the Communists did attack in the highlands, they would strike Kontum and Pleiku farther north and he had left only one regiment at Ban Me Thuot. But General Dung says that he secretly concentrated three divisions at Ban Me Thuot alone.

NOTES U.S. REDUCTIONS

General Dung confirms statements by President Thieu and American officials that reductions ordered by Congress in American aid seriously impaired the South Vietnamese Army's ability to fight. By General Dung's estimate, Saigon's firepower was cut by 60 percent because of lack of bombs and ammunition, while its mobility was reduced by half, "due to lack of aircraft, vehicles and fuel." "Nguyen Van Thieu was then forced to fight a poor mans war," the general wrote.

Throughout the fall of 1974, Hanoi's leaders "heatedly discussed" whether the United States would intervene again if the Communists staged a new offensive. Finally, Le Duan, the first secretary of the party, concluded that "having already withdrawn from the south, the United States could hardly jump back in." General Dung says that the Watergate scandal and America's economic troubles were important factors in Hanoi's thinking.

COLLECTIVE LEADERSHIP

The general's account of lengthy meetings adn lively debate seems to confirm what specialists have long believed, that Hanoi's leaders do function collectively and that Mr. Le Duan, while the most powerful figure in the North, is far from being a dictator. General Dung says that "unanimity" had to be before the campaign could be put into operation, and he describes a military meeting at which Le Duc Tho, a civilian member of the Politburo came in unexpectedly to check on what targets were being selected.

General Dung himself frankly admits that despite the communists' quick victory in seizing Ban Me Thuot, some mistakes were made. One problem was the habit of caution developed after years of fighting against overwhelming American airpower and artillery.

"Our side, before launching an attack still proceeded with the full routine, made night time preparations and waited till morning to attack," he wrote. "Though the enemy air force made only limited attacks, flew at a high altitude and dropped bombs inaccurately our troops were not allowed to move about in daytime but were compelled to wait, delay and waste time."

When the South Vietnamese unexpectedly began to flee Pleiku on March 15 before it had been attacked and headed toward the coast over an old, abandoned road, General Dung blamed the commander of the 320th Division, whose troops were in the area, for not heading off the enormous column of trucks, carts and bicycles.

A REPROACHABLE MISTAKE

The Chief of Staff relates that he called the officer, whom he identifies as Comrade Kim Tuan, on the telephone and said: "This is a shortcoming, a reproachable mistake. At this time the slightest hesitation, mistake, fear of hardship or delay would mean failure. If the enemy escapes, you will be responsible."

In fact, the Communist failure to act faster against the refugee column gave the South Vietnamese troops and civilians a few extra days, but the group bogged down at a river crossing, which the South Vietnamese Army took almost a week to cover with a bridge. Few escaped in the end.

General Dung narrates dramatically his efforts to insure that the movements of the three North Vietnamese divisions—the 10th, the 316th and the 320th—around Ban Me Thuot would be kept secret. On March 5 a South Vietnamese unit captured a Communist artillery officer who was on a reconnaissance mission, along with his dairy.

"We will attack Ban Me Thuot within four days," General Dung decided.

MISTAKEN INTELLIGENCE

Actually, American and South Vietnamese intelligence officers had been aware of the Communist troop movement for some time, but they assumed that they were either going to cut the few highland roads, which they also did, or move farther south to assault the town of Gia Nghia.

General Dung's own efforts to gather intelligence on Ban Me Thuot were not entirely successful either. Although Ban Me Thuot was a sleepy provincial town of fewer than 100,000 people, one Communist agent returned and reported that it was "very large, as large as Haiphong." Haiphong is North Vietnam's major port and second largest city.

When General Dung's troops overran Ban Me Thuot on March 10, he immediately dispatched a cable to Defense Minister Giap in Hanoi. In it he proposed to move north toward Pleiku, the major city of the Central Highlands.

But before he could move, President Thieu, in a move still not fully understood, ordered his forces to abandon the highlands.

General Dung, meeting with his aides outside Ban Me Thuot, was surprised. "Why such a retreat?" he wondered. "The Enemy had again made another grave strategic mistake."

[From the New York Times, Apr. 26, 1976]

EXCERPTS FROM HANOI GENERAL'S ACCOUNT OF DRIVE

HONG KONG, April 25.—Following are excerpts, in unofficial translation, from the account of North Vietnam's Chief of Staff, Gen. Van Tien Dung, of the spring offensive of 1975 that led to the Communist victory in South Vietnam.

From July through October 1974 the General Staff agencies were busily and urgently working. The battlefield situation was changing to our advantage.

The morale and combat strength of the puppet troops were clearly declining. Since early that year, 170,000 men had deserted. Their total manpower had decreased by 15,000 men since 1973, with a heavy loss in combat strength.

In fiscal 1972–73 the United States had given the puppet troops $2.168 billion in military aid. This aid was reduced to $964 million in fiscal 1973–74 and to $700 million in 1974–75. Nguyen Van Thieu was then forced to fight a poor man's war.

Enemy fire power had decreased by nearly 60 percent. Its mobility was also reduced by half. The enemy had to shift from large-scale operations and helicopter-borne and tank-mounted attacks to small-scale blocking, nibbling and searching operations.

STRATEGY CONFERENCE

The cool fall weather of October 1974 reminded our military cadres of the coming campaign. The Political Bureau and Central Military Party Committee held a conference to hear the General Staff present its strategic combat plan.

At this conference a problem was raised and heatedly discussed: Would the United States be able to send its troops back to the South if we launched large-scale battles that would lead to the collapse of the puppet troops?

After signing the Paris agreement on Vietnam and withdrawing U.S. troops from Vietnam, the United States had faced even greater difficulties and embarrassment. The internal contradictions within the U.S. Administration and among U.S. political parties had intensified. The Watergate scandal had seriously affected the entire United States and precipitated the resignation of an extremely reactionary President—Nixon. The United States faced economic recession, mounting inflation, serious unemployment and an oil crisis.

Comrade Le Duan drew an important conclusion that became a resolution: Having already withdrawn from the South, the United States could hardly jump back in, and no matter how it might intervene, it would be unable to save the Saigon administration from collapse.

The conferees unanimously approved the General Staff's draft plan which chose the Central Highlands as the main battlefield in the large-scale, widespread 1975 offensive.

Many meetings preceeded the Political Bureau's extremely important conference lasting from 18 December 1974 to 8 January 1975.

GREAT NEWS FROM SOUTH

While the Political Bureau was meeting, great news came from the South: The main-force units in Eastern Nam Bo [the three around Saigon], in cooperation with the provincial forces, had attacked and liberated Phuoc Binh City and all of Phuoc Long Province. This was the first province in the South to be completely liberated.

The Political Bureau was resolved to mobilize the greatest efforts by the entire party and all troops and people in both parts of the country during the 1975–76 period, to step up the military and political struggle in coordination with the diplomatic struggle with a view to quickly and comprehensively changing the balance of power in our favor.

This strategic determination was reflected in the two-year 1975–76 strategic plan. According to this plan, widespread, large surprise attacks would be launched in 1975, creating conditions for the general offensive and uprising in 1976. Thus in 1976 we would launch the general offensive and uprising to completely liberate the South.

On Jan. 9, 1975, one day after the conclusion of the Political Bureau conference, the

standing body of the Central Military Party Committee went into session.

While in session, we received reports that the enemy had dispatched an airborne division from the Central Highlands to Da Nang. This indicated that the enemy had not yet discovered the presence of our forces and our preparations in the Central Highlands. Only at this conference of the standing body of the Central Military Party Committee did the idea about mounting an attack on Ban Me Thuot become clear-cut.

ENEMY MISJUDGED

The enemy misjudged our designs. He believed that if we attacked the Central Highlands we would attack its northern part. Therefore he concentrated forces to defend Pleiku and Kontum. He left lesser forces in Darlac in the southern Central Highlands. Ban Me Thuot City, the Darlac provincial capital, with a population of 150,000, was a political and economic center of the enemy, and the 23d Division headquarters was located there. The enemy was also mistaken in his assessment of us. He believed that in 1975 we were not strong enough to attack major provincial capitals and cities and that even if we attacked them we would not be able to defend them from counterattack. Therefore, although Ban Me Thuot was a vitally important position, prior to our attack the enemy had not deployed very strong forces there, and those that were there had many gaps.

When the decision to attack Ban Me Thuot was definitely taken, I hastily prepared to go to the front.

I promptly organized a group of cadres to accompany me to the western Highlands. The group had the code name A-75. Due to the importance of the campaign, my movements had to be kept under the strictest secrecy and everything had to be done to distract the enemy's intelligence. According to plans, after my departure the press would carry a number of reports on my activities as if I were still in Hanoi. Daily, the Volga sedan would make the trips from my house to the general headquarters at 7 A.M. and 2 P.M. and from the general headquarters to my house at 12 noon and 5 P.M. sharp. Late in the afternoon the troops would come to the courtyard at my house to play volleyball as usual, because I have the habit of playing volleyball after the afternoon working hours with them.

A PRETENDED ILLNESS

My personal secretary, who lived with his family in a community area, would pretend serious illness on the eve of the departure. An ambulance would bring him to a hospital, and the next morning he would begin his journey from the hospital. According to what had been decided upon, in all communications, information, liaison and discussions during this campaign, Comrade Vo Nguyen Giap would be referred to as Chien, and I as Tuan.

According to our intelligence reports, on 9 and 10 December 1974, on the fourth story of the Independence Palace, Thieu held a meeting with the commanders of army corps of military regions of the puppets so as to assess our activities in 1975. They arrived at the following conclusion:

In 1975 we might fight on a scale larger than that of 1974, but it would not be as large as that of 1968 and would be less than that of 1972. We still were incapable of striking at big provincial capitals or cities, and even if we did strike at them we would be unable to hold them. We were only able to attack small and isolated provincial capitals such as Phuoc Long and Gia Nghia.

Our aim was to achieve success to pressure them to implement the Paris agreement on Vietnam. They believed that in early 1975 our direction of attack would be to strike at the Third Military Region, mainly Tay Ninh, in an attempt to use Tay Ninh as the capital of the P.R.G.S.V. [Provisional Revolutionary Government of South Vietnam].

30,000 BUILT ROAD

Because of this assessment, they did not change their strategic deployment of maintaining strength at two ends—the first and third tactical zones. Neither did they greatly reinforce the second tactical zone that included the western Highlands.

The strategic route east of the Truong Son [Annamite] range, which was completed in early 1975, was the result of the labor of more than 30,000 troops and shock youths. The length of this route added to that of the other old and new strategic routes and routes use during various campaigns built during the last war, is more than 20,000 kilometers. The eight-meter-wide route of more than 1,000 kilometers, which we could see now, is our pride. With 5,000 kilometers of pipeline laid through deep rivers and streams and on mountains more than 1,000 meters high, we were capable of providing enough fuel for various battlefronts. More than 10,000 transportation vehicles were put on the road.

As for us, we continued to go farther into the area our vehicle's number plate was repainted and the marking TS-50 was added to it. This marking meant priority No. 1 for the Truong Son troops.

On the way, we met Division 316 going on a military operation. This was the first time this division had used 500 trucks to move its men and equipment to the battlefront. An order had been given to this division: From the time its men set out until the time they opened fire, they must have absolutely no radio contact, so as to keep their operation secret. We intercepted an enemy radio message saying Division 316 could no longer be seen and no one knew where it was going.

LEAVES AND ELEPHANTS

On arrival in the Central Highlands, I established the command post west of Ban Me Thuot, near the headquarters of the front command. Our residence was in a green forest adjacent to a forest. The dry leaves of the trees covered the ground like a yellow carpet. Whenever someone walked on these dry leaves, they cracked as crisp griddle-cakes do, and the noise could be heard in every part of the forest. A small spark might set the forest afire. Combatants of signal and communications units had to work hardest here. Whenever a fire broke out and destroyed communication wires, these combatants set out to quench the fire and returned with their bodies as black as coal miners'. Another problem was caused by herds of 40 to 50 elephants which snapped communication wires, even though some of these had been hung on high tree branches.

A comparison with the enemy over the entire area of the campaign showed that our infantry was not much superior to the enemy's. However, because we concentrated the majority of our forces in the main area of the campaign, we achieved superiority over the enemy in this area. As for infantry, the ratio was 5.5. of our troops for each enemy soldier. As for tanks and armored vehicles, the ratio was 1.2 to 1. In heavy artillery, the ratio was 2.1 to 1.

The enemy had not yet clearly realized that our forces were on this side of Ban Me Thuot since he could not detect our movements. In the coming days it would be necessary to continue to make the enemy believe that our main thrust would be toward Kontum and Pleiku to provide an opportunity for our plan. It would be necessary to intensify activities in Kontum and Pleiku in the coming days to further confirm the enemy's mistaken belief.

By maintaining the element of surprise concerning the target, the time and the fighting method, isolating the enemy and bringing into play a decisively superior force without the enemy's knowledge, we would insure fewer losses and quicker victory in battle.

A LOST DIARY

The front command reported that a group of officers of our artillery regiment had had an engagement with the enemy west of Ban Me Thuot on 5 March while on a reconnaissance mission. One of our combatants was wounded and captured with his diary. I thought: "We will attack Ban Me Thuot within four days. What will the enemy do in the coming days? So far, he has misunderstood us as far as our main offensive target is concerned, but if similar incidents revealing our secrets continue to occur, the enemy will certainly reassess the situation. He is now intensively seeking to understand our intentions." I telephoned comrade Vu Lang to remind him to closely check the implementation by each soldier of all regulations on the preservation of secrecy.

At 0200 sharp on the morning of 10 March, the offensive on Ban Me Thuot was heralded by the fire from sapper units directed against the Hoa Binh and city airfields. Long-range artillery began destroying military targets in the city. From a point 40 kilometers from Ban Me Thuot, our tank unit started their engines, cut through trees and headed for Ban Me Thuot. Modern ferryboats were rapidly assembled, while tanks, armored vehicles, antiaircraft guns and anti-armored car guns formed queues to cross on the ferries. The mountains and forests of the Central Highlands were shaken by a fire storm.

From the command post, I could clearly hear the regular and rapid explosion of our shells. I called Hoang Minh Thao and we talked over the telephone. Here is a report on some aspects of the situation that day.

No sooner had the artillery opened fire than the lights in the city went off. The city airfield was ablaze, and so was the airfield depot. Tanks were moving under trees and waiting. Sappers had occupied the city airfield.

"THE BATTLE IS OVER"

Basically, the battle was over by 1030 on 11 March 1975. "Basically, the battle is over" these words were jotted down on the incoming message record by an operations cadre at our command post. Our men's elation cannot be described. I told our men present at the command post: The fact that it took us only a little more than a day and a night to attack and occupy so large a city proves that the enemy can find no means to resist our strength.

On 15 March and on the morning of 16 March we received a number of technical news items and some comments by Western radio stations. For example, a United States news agency reported that on 15 March the price of a Pleiku-Saigon air ticket rose to as much as 48,000 piasters. Why were there so many people competing for air tickets to Saigon on 15 March?

At 1500 on 16 March Hanoi sent a message saying that the forward command post of the enemy in III Corps had moved to Nha Trang.

At that time we were still concentrating on Ban Me Thuot.

ENEMY RETREATING

At 2100 on 16 March the Comrade on alert duty received the news that the enemy was retreating from Pleiku: A convoy of trucks had passed the Vinh Thanh crossroads to move along Route 7. The ammo dump in Pleiku was exploding, fires had broken out in the city. Our command headquarters was alive with activity. A map of communications lines in the Central Highlands was spread out on the table. Flashlights and magnifying glasses were traced along Routes 19, 14 and 7 on the map to determine blockade points,

shortcuts and attacking directions, and the nearest units and Route 7 were calculated to set the time for action.

Our unit had not yet any concrete information about this route and had yet to enter into close pursuit of the enemy. I severely criticized the top unit leader. I emphatically told the Comrade Kim Tuan: "This is a shortcoming, a reproachable mistake. At this time the slightest hesitation, mistake, fear of hardship or delay would mean failure. If the enemy escapes, you will be responsible."

Now a whole regular corps of the puppets was hastily fleeing in retreat, abandoning the Central Highlands—a strategically important region.

Why such a retreat? And who had given the order for it? Was it true that the thunderous blow we had delt at Ban Me Thuot had produced such a shattering impact on the enemy? It was true that the enemy had been stunned and rendered strategically confused. The enemy had again made another grave strategic mistake.

VIETNAMESE VOTERS ELECT A NEW JOINT ASSEMBLY

SAIGON, SOUTH VIETNAM, April 25.—Sirens called North and South Vietnamese voters to the polling places today to elect a joint National Assembly for this divided nation's first unified government in 30 years.

The assembly elections were the first to be held throughout the country since 1946 when Vietnam declared its independence from France and protracted war enveloped Indochina.

All but a few people over the age of 18 were eligible to vote for 492 National Assembly members from North and South Vietnam. In Saigon there were 44 men and women candidates for 35 seats. The assembly will have no opposition members.

The real power will continue to rest with the Politburo of the Lao Dong, or Workers Party in Hanoi.

"We are waiting only for the results of the elections to seal the reunification of the North and South," the Saigon radio said in special broadcasts that replaced regular news programs.

Duong Van Minh, the former general who surrendered South Vietnam to the Communists last April 30, walked with his wife from his retirement home in Central Saigon to a voting booth two blocks away.

"I would like everyone to do his duty as a citizen and vote for a unified Vietnam," General Minh told reporters.

"This is the most important day in the history of our country," said South Vietnam's Foreign Minister, Nguyen Thi Binh. The official radio reported that Mrs. Binh was the first voter in her ward in Saigon, which the new Communist regime calls Ho Chi Minh City.

WORKERS GIVEN DAY OFF

Sirens sounded the call to the polls, persons who normally worked today were given a day off and the Archbishop of Saigon asked Roman Catholics to attend Sunday services on Saturday to avoid interfering with the voting.

The Government reported "A massive turnout," about 90 percent in some wards. The radio repeated Ho Chi Minh's slogan, "Vietnam is one, the people of Vietnam are one."

Traditional songs with revolutionary lyrics celebrated the Communist forces' defeat of the United States-backed regime a year ago. "This is the time of independence, freedom and socialism," one refrain said.

"We are going to the voting booths to return our national leadership to the people from the former French colonialists and the U.S. imperialists," singers sang to the accompaniment of bamboo flute music.

OLIVER H. PARKS, SKIPJACK CAPTAIN

Mr. MATHIAS. Mr. President, the skipjack is a waterman's workboat unique to the Chesapeake Bay. The men who sail the skipjacks are of an era that is fast becoming history. Thus, there was special reason to mourn the death April 13 of one of the best known skipjack captains, Oliver H. Parks.

Captain Parks lived in Dorchester County, on Maryland's Eastern Shore, where the Chesapeake Bay is a way of life. His death was noted in the press on the shore and beyond, for Captain Parks and the way of life he represented were of more than local interest. It was on his native Eastern Shore, however, that the death of Captain Parks was felt most deeply. Of the many tributes that were paid to him, two—published in the Cambridge Daily Banner and the Easton Star-Democrat—perhaps best characterized Captain Parks and all he meant. I ask unanimous consent that they be printed in the RECORD.

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

[From the Cambridge Daily Banner, Apr. 14, 1976]

CAPTAIN PARKS

A legend died when Capt. Orville H. Parks Sr. drew his last breath at Dorchester General Hospital early Monday morning. At the helm of his skipjack, the "Rosie Parks" the Cambridge skipper consistently showed his stern to the best workboats on the Chesapeake. After suffering a serious heart attack which forced him to sell his boat, Capt. Parks came out of retirement last fall to sail the "Rosie" to its final Chesapeake Bay victory under his hand.

The "Rosie Parks" is a tradition in its own right. Named after the captain's mother, it was one of the last bay skipjacks fashioned by his late brother Bronza Parks of Wingate who was later murdered in his Wingate boatyard. The "Rosie Parks" was no prima donna. She dredged her share of oysters during most of the 20 years Captain Parks owned her. Finally, she was sold to the Maritime Museum in St. Michaels where many of Dorchester's nautical treasures have a way of winding up.

A number of years ago, we sat down with Capt. Parks aboard his boat in Cambridge Harbor to talk about the recently finished oyster season. Under a warm spring sun, the tanned veteran of a lifetime on the water talked about his career and expressed pungent personal views on increasing government encroachment into the lives of private citizens. Capt. Parks made it clear modern oystermen find today's rules, regulation, forms, reports, inspections and taxes ad infinitum increasingly arduous. The bureaucratic burdens, he found, are more difficult for men of spirit to bear than are the perils of the sea. He felt a whole way of life was coming to an end.

Capt. Parks was one of that independent breed of which Dorchester County is proud. Widely known wherever men sail, he will be greatly missed by his fellow citizens here at home who admire men of character and fortitude.

[From the Star-Democrat Apr. 14, 1976]

CAPT. ORVILLE HILSON PARKS, SR.: A VERY PERSONAL MEMOIR

(By Ann Stinson)

The death of Captain Orville Hilson Parks, Sr., legendary skipper of the Skipjack Rosie Parks, is an occasion for reflection.

John Donne wrote in 1623. "Each man's death diminishes me".

In a true sense, the death of Captain Orville, as he was universally known, is a loss to everyone who loves the Bay as he did, and cherishes its traditions, which he lived and helped perpetuate. He was probably the best known and best sailor among the dwindling breed of men who dredge for oysters with America's last commercial sailing fleet. His fame was not merely local: thousands of visitors to the dredge boats races at Chesapeake Appreciation Day each fall watched him maneuver the Rosie Parks in friendly competition against other skipjack captains, more often than not to victory.

He was born and lived in Dorchester County all his life, but in a sense, his real home was on the water. It has been said of him that he knew, better than any other man, the tides and currents around the oyster bars, the sure touch that made his boat best use the wind in fair weather and foul.

Aside from his skill and fame, there was a personal touch of courtesy and gallantry about Captain Orville.

Many will mourn him, and recall their favorite stories about him. My own grief is touched with a crowd of memories of his kindness.

On board the Rosie Parks in a mist so thick the sky and the Choptank River were welded without a seam, and from the cabin of the Rosie Parks the smell of bacon and coffee, and Captain Orville at the wheel, sharing his love of the early morning.

Other days, when the wind dropped to zero, and only a dredge let out as anchor kept the Rosie from moving with the tide. We sat on deck in the sunshine like passengers on a cruise ship while he filled the waiting with tales of the old days. Winter tales, like the big blow in 1939, a February that was engraved on his mind. In the terrible storm of Feb. 3 that year, nine men lost their lives on boats near him in a wind that came from nowhere.

He told of World War I, when the Dorchester boys, of whom he was one, went to Camp Meade and almost bypassed the usual firearms training because they'd grown up pass shooting at the waterfowl that poured South Dorchester skies from the time they were old enough to lift a gun.

On other days, other trips, he recalled courting his wife across the Honga River from his home in Wingate, sailing over to Lower Hoopers Island to call on the young schoolteacher.

In the snug harbor at Cambridge Creek where the Rosie Parks berthed at night, he was on board in the early morning light, eager to be under way; it was a privilege and a pleasure to see him then, before the heart attack that cut short his dredging career. He was 78 years old, and he hated to quit.

"I know when November rolls around, I'm going to wish I was back on her," he said when he told me of his decision to sell the Rosie Parks to the Chesapeake Bay Maritime Museum in St. Michaels. "The doctor told me, 'If you go out again, buy yourself a box to come home in', he said.

He sailed the Rosie around from Cambridge to St. Michaels, with a solicitous group on board, anxious that he not overextend his strength. He was a happy man. Only when she was docked at St. Michaels did he show a reluctance to let go, to relinquish a part of his life that he loved. He lingered, loathe to step ashore and say goodbye.

Now he is gone, and something very special is gone with him.

Future newspaper writers will most likely refer to him as "the Grand Old Man of the skipjack days." He was never old, but he was grand, in the sense that he was one of the finest gentlemen I ever knew.

He will be missed.

Capt. Orville Parks, whose fame spread across the Chesapeake Bay as one of the best Skipjack captains, died Tuesday morning at Dorchester General Hospital. He was a patient for a week.

Capt. Parks won just about every workboat race on the Bay at the wheel of the Rosie Parks which was built by his late brother Bronza, the boat now is at the Maritime Museum at St. Michaels.

The native of Wingate was a waterman all his life, and retired in December of 1974.

Sailing in the Chesapeake Appreciation Day races, Capt. Parks won ten out of eleven races. In the Deale Island races, the 80 year old waterman was the winner in every race except two.

He was an active member of Zion United Methodist Church, where he served a term as head usher, and was also a member of the Mens' Bible Class of that church.

He was a member of Dorchester Post No. 91, American Legion. Choptank Memorial Post No. 7460, Veterans of Foreign Wars, Chesapeake Barracks No. 128, Veterans of World War I, and the Chesapeake Seafood Association.

He is survived by his wife, two daughters, Mrs. Joy A. Cox, of San Diego, Calif., Mrs. Wilma A. Willey, of Cambridge, two sons, Hubert H. Parks, of St. Leonard, Md., and Orville H. Parks, Jr., of Bowie, Md., 9 grandchildren, one brother, Rosen W. Parks, of Milford, Del.; five half sisters, Mrs. Marie Jones, Mrs. Alma Wheatley, Mrs. Mildred Hubbard and Mrs. Janie Bloodsworth, all of Cambridge, and Mrs. Pauline Lloyd, of Miami, Fla., and several nieces and nephews.

Two brothers, Robert Parks and Bronza Parks, predeceased their brother.

Funeral services will be held at 2 p.m. Thursday from Zion United Methodist Church, with Rev. William H. Owens, and Rev. Earl L. Joplin officiating. Interment will follow in Dorchester Memorial Park, where full military rites will be accorded.

Friends will be received by the family at the Thomas Funeral Home on Wednesday evening from 7:30 to 9:00 o'clock.

It is the request of the family that expressions of sympathy be made in the form of contributions to the St. Michaels Maritime Museum, at St. Michaels, Md.

NOTES ON A VISIT TO ROBERT E. LEE

Mr. HARRY F. BYRD, JR. Mr. President, on Thursday, April 15, 1976, the South Boston, Va. Gazette-Virginian, published a remarkable essay by the Academy Award-winning actor George C. Scott.

Entitled "Notes on a Visit to Robert E. Lee," the Scott film-essay was broadcast by NBC–TV on April 9, the 111th anniversary of Appomattox. It was beautifully done by George C. Scott, a native of Wise County, Va.

The text of the essay probes with concise clarity the qualities of character displayed by General Robert E. Lee which should guide us today.

The publisher of the South Boston Gazette-Virginian is Mr. O. L. Shelton.

I ask unanimous consent that the Scott essay, as published in the Gazette-Virginian be printed in the RECORD.

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

[From the South Boston (Va.) Gazette-Virginian, Apr. 15, 1976]

LEAVES FROM A REPORTER'S NOTEBOOK

This essay was written by George C. Scott, the Academy Award-winning actor who is also, a serious Robert E. Lee scholar. "Notes on a Visit to Robert E. Lee" was developed as a feature broadcast by NBC–TV on the "Today" show April 9. Most of the filming was done on the campus of Washington and Lee University; Lee was president of the institution (then Washington College) from 1865 until his death in 1870. Mr. Scott gave Washington and Lee permission to reproduce his remarkable script.

By GEORGE C. SCOTT

(This is Main Street, Lexington, Virginia. On Sept. 19, 1865, a big, sandy horse with a dark mane and tail strode effortlessly down this street. He carried a tall, stooped man with a pearl-white beard who might have been taken for a farmer—the muddy boots, the faded, literally colorless riding coat, the sweat-brown, broad-brimmed hat.)

But he was not an ordinary citizen bent on some mundane domestic chore. Neither ordinary—nor a citizen.

. . . On that pleasant fall morning, 11 years before America would celebrate her Centennial year, R. E. Lee was about to become president.

Obviously, and some say unhappily, the presidency was not that of the United States, Rather, it was as chief administrator of tiny, impoverished Washington College that Lee had come to serve.

He was a paroled prisoner of war under indictment for high treason. Reviled by many as the Prince of Rebellion, he was totally disenfranchised—unable either to vote or to hold any public office.

But he was also beloved to the point of mythology by millions of his countrymen—and among these were the trustees of Washington College. They borrowed the trainfare and a suit of clothes to send Judge J. W. Brockenbrough to offer . . . the chair of the president and an annual salary of $1,500.

Broken in health and fortune, looking a decade older than his 58 years, Lee was apprehensive to accept. He knew very well his years were waning. But he wanted desperately to be of use to what he always termed the "rising" generation of his country. And when Judge Brockenbrough insisted that his acceptance would "evince a mind superior to despair," he gratefully agreed.

About the only recreation President Lee enjoyed during those last few years was taking daily rides through the surrounding countryside on that great grey horse, Traveller. One of the places he visited frequently was the hillside gravesite of Thomas J. "Stonewall" Jackson.

Prior to the war, Jackson had been a professor at nearby Virginia Military Institute. Lee probably stood at that grave and spoke quietly to his eccentric, strait-laced old comrade. Jackson, even to this day internationally recognized as one of the profound tactical geniuses of all time, was known to some of his men as "School Marm."

And Lee probably joked softly with him that they were both school marms now.

Undoubtedly, since they were religious men, Lee knelt here and prayed for both their souls. And he probably assured "Stonewall" that they would be united again before very long.

But bitterness and morbidity were foreign to Lee's Nature. And so was looking backwards. He worked diligently, even in rapidly failing health, and the college prospered—three days after his death becoming Washington and Lee University.

. . . At breakfast with his son Robert on the morning of his murder, Abraham Lincoln looked at a portrait of Robert E. Lee and said, "It is a good face. I am glad the war is over at last."

It was indeed a good face. Was it not—indeed, is it not still—the face of a good man?

Edward Valentine, who had sculpted a likeness of Lee from life, said: "An artist, above all other men, is quick to observe the faintest suggestion of posing. The slightest indication of movement of expression that smacks of vanity, he is sure to detect. Such weaknesses (which, as far as I know, are shared by many who are called great ones of the world) were totally lacking in General Lee."

This is Bicentennial America.

This is Election-Year America.

This is 20th-century, thermo-nuclear, porno-liberated, cokeyalky, oligarchy. In order-to-get-mine-I-gotta-grind-you America.

What are you and I supposed to learn from or feel about the world and the character of a man like R. E. Lee?

He's cold. We're cool.

He's passes. We're avant.

He's out of it. We're up to here in it.

Well, there are a few qualities this remarkable creature had which may serve us too, if we consider them.

Patience—quiet good humor—adoration of children—loyalty—respect for hard work—dedication to an ideal—love of animals—appreciation of duly constituted authority coupled with an abhorrence of authoritarianism—a devotion to history, for, as General Lee said, "It is history that teaches hope"—gentleness and the aspiration to achieve gentlemanliness—understanding of the state of being young—courtesy toward the conditional frailty of advanced age.

Acceptance of responsibility.

Personal integrity.

CONGRESSMAN KARTH RETIRES

Mr. HUMPHREY. Mr. President, I was saddened to learn during the Easter recess that my good friend and colleague, Representative JOSEPH E. KARTH of Minnesota's Fourth District will retire at the end of this term.

Congressman KARTH, who has served his State and Nation with great distinction for 26 consecutive years, indicated that the principal reason for his retirement is his desire to devote more time to his wife, Charlotte, and their three sons.

I know this must have been a most difficult decision for him to make. He has dedicated most of his life to public service; first, as a Member of the Minnesota House of Representatives, and for the last 18 years as a distinguished Member of Congress serving the people of St. Paul and Ramsey County.

For the greater part of his time in Congress, JOE KARTH served on the House Committee on Science and Astronautics. Since 1973, he has been a member of the House Ways and Means Committee.

JOE KARTH is respected as a workingman's Congressman. He is a patient but tough legislator who has mastered perhaps the most difficult and intricate area of congressional responsibilities: The setting of our Nation's tax policies. He has authored major legislation in the areas of trade and multinational corporations while serving on Ways and Means subcommittees on trade, social security and public assistance.

He always has taken seriously his important service as a Representative. Perhaps there is no better tribute to and

confirmation of this then the resounding margins he has achieved in being returned to Congress eight times.

In announcing his retirement KARTH talked about his relationship with his constituents. They are words each of us should consider:

I have been privileged to serve them and the nation in the world's most important law-making body, a privilege which makes me both proud and humble. These have been hectic years on Capitol Hill, but more important they have been years of major economic, social and political decision-making that will help shape our nation's future. The responsibilities and legislative burdens have been huge, but it is always a source of abiding gratification when you, as a member of Congress, have reason to know that you have had an opportunity toward the setting of a course that will help insure our country's future, its security and progress and the expansion of its economic and political democracy.

Those of us in Congress know that the nature of public life makes inordinate demands on persons who seek to provide the best possible representation to their constituents. It can be as trying as it is essential.

JOE KARTH is the senior member of our Minnesota congressional delegation, and we know it has been a distinct privilege to serve with him. He has distinguished himself as a brilliant legislator, a man of great personal integrity, and as one who has earned the great trust, admiration and affection of a generation of Minnesotans.

I know he will find similar success and fulfillment in the years to come.

Mr. President, I ask unanimous consent that recent editorials on Representative KARTH, appearing in the St. Paul Dispatch and the Minneapolis Tribune, be printed in the RECORD.

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

KARTH RETIRES

If there is anyone in Congress with a guaranteed return ticket to Washington, it's Joseph Karth. He liked to "run scared" every two years, but there never was a serious challenge to his incumbency, and there was not the likelihood of one in the discernible future.

That is one of the reasons Joe Karth's decision not to continue in the House of Representatives after his current term is up next January comes as such a surprise. That Karth would be the "next" congressman from the Fourth District had long since come to be taken for granted.

Another reason for surprise is that Karth was just rounding into his most effective years in a body where enormous emphasis is placed on seniority. After years as an effective member and subcommittee chairman on the Space Sciences and Aeronautics Committee, where he had displayed high technical competence and had been a tough-minded watchdog over the immense expenditures of the American space effort, he was honored by his colleagues by election, by acclamation, to the top committee of all, prestigious Ways and Means. Election to that committee by acclamation is a rare occurrence and was a measure of the respect in which his colleagues held him.

On Ways and Means, Karth quickly came to be known as a member who did his homework, and who was independent-minded. The Wall Street Journal characterized him in a 1975 article as one of the four or five most influential Democrats on the committee, "bright, hard-working, effective."

A former union international representative, and always backed staunchly by organized labor, Karth was not afraid to antagonize labor bosses if he thought their policies counter to the greater public interest. In fighting for tough energy legislation, for example, he was highly critical of the United Auto Workers leadership for its attitudes on the manufacture of big, gasoline-guzzling cars.

Consistently liberal without being doctrinaire, Karth could speak out against "wild-eyed reform." At the same time, he used his position on Ways and Means in a diligent pursuit of meaningful and far-reaching tax reform.

One regrets the loss to Congress of so valuable a member, but must respect the reasons he gives for retirement. In 26 years of public life—18 in Washington, eight in the Minnesota Legislature—he has had virtually no time for a private family life.

There have been hints, too, that Joe Karth is a bit disappointed and disillusioned with Congress' shortcomings, its seeming failure to provide the effective leadership he feels it owes the nation.

The congressman has said he will support the candidacy of Robert Hess, his administrative assistant, to succeed him. Hess has had a lot of Washington experience, but it can be hoped that Karth's designation of him as heir-apparent does not foreclose the prospects of others. Seats in Congress should not be looked upon as dynastic properties.

KARTH STEPS DOWN

Rep. Joseph Karth's decision to quit public life after 18 years in Congress will mean a loss for Minnesota. The Fourth District DFLer has served his constituents well, working quietly, never spectacularly, but always diligently and effectively. "Bright, hard-working and effective" is how the Wall Street Journal characterized him last year in an article on the Ways and Means Committee. His election to the committee by acclamation was one indication that Karth's colleagues share that view.

Characteristically, Karth contributed to the public dialogue even as he announced his decision to leave Congress. During 26 years in public office—eight in the Legislature, 18 in Congress—he and his family have never had a private life, he explained. That meant no time with his eldest son while the son was growing up, Karth said. And it means that time to spend with two younger sons is fast running out. "Since you can't have a private life when you serve in elected public office, there's only one way to have it," Karth said, "and that's to not ask for any more public life."

Public office has always been demanding. But if holding office now requires incumbents—and their families—to give up their private lives, perhaps the demands have got out of hand.

BENJAMIN LEE SHUFF

Mr. MATHIAS. Mr. President, on April 4 the city of Frederick, Md., lost one of its most beloved and able citizens. Benjamin Lee Shuff was a friend of mine, and a source of strength to all who knew him.

Mr. Shuff was one of Maryland's best known bankers. He was chairman of the board of the Farmers & Mechanics Bank, a position he had held with distinction since 1971. He spent his entire career at the Farmers & Mechanics National, beginning in 1921 as a young man of 20. His rise was steady: He was elected to the board in 1944, and became president in 1955.

Mr. Shuff was born on a farm at Middlepoint, Md., one of 10 children. He attended country public schools. From his boyhood, he had an easy way with people of all kinds and, as a result, many came to him for help. Many successful businesses now exist because he found a way to respond to these appeals. His sense of humor was famous. To most people who knew him, he was "Mr. Ben."

On April 9, the Frederick Post paid tribute to Mr. Shuff in an eloquent editorial. I ask unanimous consent that it be printed in the RECORD.

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

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 him—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 Maryland 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 Mechanics-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 Chamberlain 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 Stottlemyer, 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!

THE 1977 BUDGET AND HEALTH CARE

Mr. CLARK. Mr. President, for the sixth consecutive year, the coalition for health funding has produced an informative booklet that discusses the funding of Federal health programs for the coming fiscal year.

The coalition for health funding represents over 50 national organizations that are dedicated to uplifting the level of health care in this Nation. The coalition annually publishes an analysis of the President's health budget and proposes alternatives to this budget.

The 1977 report cites the inadequacy of the President's recommendation to reduce health spending from the 1976 level of $5.5 billion to $4.8 billion. This $700 million reduction would affect various health programs, but by far the most disastrous cuts are in the area of health services. Whereas the health services appropriation for the current fiscal year is $1.2 billion, the President proposes to spend only $900 million for these programs in the next fiscal year.

Community health centers would suffer a loss of about $40 million. These neighborhood clinics, operating in medically underserved urban and rural locales, provide family oriented primary care services to almost 2 million Americans. The health revenue sharing program, which finances preventive health activities by the States, would lose all of its funding if the President's plan were enacted. Programs in maternal and child health and in family planning would be forced to sharply curtail their activities.

The Federal effort to help those with mental health and alcoholism problems would also be undermined, as these two programs would lose more than one-third of their funding. Although the Congress made a firm commitment to community-based treatment of mental illness and alcoholism, the 1977 budget reflects an abandonent of this mandate.

Many of this Nation's health manpower programs would not escape the scissors of the budget cutters. Direct financial assistance to medical students would be reduced by two-fifths, while the nurse training program would be forced to absorb a cut of 65 percent. Federal funding for health facilities construction would be terminated entirely if the President's recommendations took effect.

The coalition for health funding concluded that the President's health budget would have a "devastating effect on the Nation's health." The organization notes that—

> At a time when the Bureau of Labor Statistics estimates the increase in the medical care component of the Consumer Index to be 10.3%, . . . the administration proposes to reduce Federal health spending by some 11.4%. At a time when many of the Nation's urban centers answer the threat of virtual bankruptcy with drastic budget cuts, the administration proposes that the States and localities pick up a greater share of the health funding tab. At a time when an ever increasing number of poor, aged, and disabled citizens must rely on direct health care services provided by the Federal Government as the sole source of such services, the administration proposes to reduce the funding level of these services to a point where most of them would be rendered ineffective.

The coalition recommends that all controllable health programs be restored to their fiscal 1976 operating levels, and it places a high budget priority on breakthrough research, essential training, comprehensive planning and development, and direct community services.

There are a few bright spots in President Ford's 1977 health budget. Proposed increases in the National Health Service Corps, National Health Service scholarships, and nurse practitioner training would help to improve the access to health care in rural areas. However, the support for rural health programs is significantly eroded by proposed cutbacks in funding for community health centers and for emergency medical services.

Other programs that would receive increased funds under the President's budget are the Indian health service, community programs of drug abuse prevention, and health manpower capitation grants.

The coalition for health funding has decided that $5.8 billion is needed to maintain current Federal initiatives in health services, research, and training that are so essential to our Nation's well-being. This assessment is in accordance with the first 1977 budget resolution that passed the Senate in April. The resolution allocated $6 billion for this health funding.

I request unanimous consent that a table outlining several health budget proposals be printed at this point in the RECORD.

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

FEDERAL HEALTH FUNDING

[In billions of dollars]

	1976 appropriation	President's 1977 budget	First 1977 budget resolution	Coalition for health funding 1977 budget
Health Services Administration	1.2	0.9	1.3	1.2
National Institutes of Health	2.5	2.3	2.8	2.5
Alcohol, Drug Abuse, Mental Health Administration	.8	.8	.9	1.0
Health Resources Administration	1.0	.9	1.0	1.1
Total	5.5	4.9	6.0	5.8

Mr. CLARK. Mr. President, I hope that careful consideration will be given to the excellent analysis provided by the coalition. Federal health spending should not be reduced, and I am confident that the Congress will concur with this view.

Mr. President, I ask unanimous consent that a list of the organizations that comprise the coalition for health funding be printed in the RECORD.

There being no objection, the list was ordered to be printed in the Record, as follows:

REGULAR MEMBERS

American Academy for Cerebral Palsy.
American Academy of Child Psychiatry.
American Academy of Pediatrics.
American Assn. for Study of Liver Diseases.
American Assn. of Colleges of Nursing.
American Assn. of Colleges of Osteopathic Medicine.
American Assn. of Colleges of Pharmacy.
American Assn. of Colleges of Pediatric Medicine.
American Assn. of Dental Schools.
American Assn. of Psychiatric Services for Children.
American Congress of Rehabilitation Medicine.
American Dental Hygienists' Assn.
American Diabetes Assn.
American Federation of State, County & Municipal Employees, AFL–CIO.
American Nurses' Association.
American Occupational Therapy Assn.
American Optometric Assn.
American Orthopsychiatric Assn.
American Pediatric Society.
American Psychiatric Assn.
American Public Health Assn.
American Society of the Allied Health Professions.
American Speech and Hearing Assn.
Arthritis Foundation.
Assn. of American Medical Colleges.
Assn. of Independent Research Institutes.
Assn. of Mental Health Administrators.
Assn. of New York Neighborhood Health Centers.
Assn. of Pediatric Pulmonary Centers.
Assn. of Schools & Colleges of Optometry.
Assn. of Schools of Public Health.
Assn. of University Programs in Health Administration.
Citizens Committee for the Conquest of Cancer.
Citizens for the Treatment of High Blood Pressure.
City University of New York.

Council for the Advancement of the Psychological Professions & Sciences.
Council of State Administrators of Vocational Rehabilitation.
Endocrine Society.
Group Health Assn. of America.
Human Growth Foundation.
National Assn. of Social Workers.
National Committee Against Mental Illness.
National Council of Community Mental Health Centers.
National Foundation/March of Dimes.
National Health Education Committee.
National League for Nursing.
National Medical Assn.
National Student Nurses' Assn.
Planned Parenthood/World Population.
State University of New York.
United Auto Workers.
United Steelworkers of America.

THEODORE R. DANKMEYER

Mr. MATHIAS. Mr. President, on April 4 I was grieved to learn of the death of my good friend, Theodore R. Dankmeyer.

Mr. Dankmeyer was a nationally known authority on maritime and shipping law, and had a distinguished career as a lawyer in Baltimore. He was an editor of maritime law books, and an aesthete who loved the theater. Throughout his long career, he gave faithful service to the city of Baltimore, the American and Maryland Bar Associations, and the Lutheran Church.

On April 5, Mr. Dankmeyer's death was reported in the Baltimore Sun. The obituary conveys the breadth of his career, and I ask unanimous consent that it be printed in the RECORD.

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

THEODORE R. DANKMEYER, MARITIME LAW EXPERT, DIES

Theodore Rognald Dankmeyer, an expert on maritime and shipping law, died yesterday at Union Memorial Hospital following a heart attack.

Funeral services for Mr. Dankmeyer, who was 73 and lived at 9 Wendover road, will be held at 10 A.M. Wednesday at the First English Lutheran Church, Charles and 39th streets.

Mr. Dankmeyer was counsel to the law firm of Niles, Barton and Wilmer, in which he had been a partner for many years.

He was also the president and editor-in-chief of "American Maritime Cases" a law book published in Baltimore since 1923.

Mr. Dankmeyer was also a former member of the board of the Baltimore Life Insurance Company and Schenuit Industries, Inc.

A former trustee of the School of the Chimes and the Lutheran Hospital, he had also served on the council of the First English Lutheran Church.

Long interested in the theater, he had served as president of the Vagabonds.

Mr. Dankmeyer belonged to the American, Maryland and Baltimore bar associations, the American Judicature Society, the Maritime Law Association of the United States, the Inter-American Bar Association, the Navy and the Propellor Club.

He is survived by his wife, the former Anne Burrier; two daughters, Mrs. Samuel Hopkins, of Baltimore, and Mrs. Gretchen D. Stock, of Bethesda; a son, T. Rognald Dankmeyer, Jr., of Monte Sereno, Calif.; a sister, Mrs. Walter E. Grempler, of Baltimore, and five grandchildren.

SMALL BUSINESS AND THE FULL EMPLOYMENT AND BALANCED GROWTH ACT OF 1976

Mr. HUMPHREY. Mr. President, the question of whether this Nation will achieve and sustain a full employment economy turns on the vitality of the small business sector.

Small business constitutes about half of the Nation's business economy.

There are 9.7 million commercial and industrial entities in the United States and 9.4 million of them, 97 percent of the total, fall within the category of small business as defined by the Small Business Administration—manufacturing firms with 1,500 employees or less wholesale businesses with gross annual sales receipts of $15 million or less, and retail and service firms with gross annual sales receipts of $5 million or less.

Some 55 percent of all nonfarm workers are employed by small businesses.

Of the Nation's total gross national product—the value of all goods and services—43 percent is provided by small businesses.

Small commercial and industrial enterprise is the well spring for most of the new ideas that must continually be fed into our economic system if we are to develop new products and techniques for the production of goods and services, utilize our limited resources with greater efficiency and, above all, constantly upgrade levels of competition.

The existence of Xerox copiers, Polaroid cameras, and pocket computers are but three examples of the tremendous contributions made by small business enterprise in recent years.

By the same token, it is far more likely that radically new advances in duplicators, cameras, and miniature digital computers will be made, not by these now giant corporations currently dominating their markets, but by small firms struggling to present new ideas to American consumers. Large companies, once having achieved success, often have a built-in bias against changes that would mean scrapping concepts, production methods, and marketing techniques that have been years in development.

Innovation and invention, for the most part, must come from small firms organized by ambitious persons determinedly seeking market access for the products of their imagination and skill. This is the key to American enterprise.

Yet, this vast segment of the Nation's economy is chronically starved for credit and the situation is getting worse. Moreover, a credit crisis has always existed concerning the availability of capital to establish and sustain firms bringing new products and services to the marketplace.

Flow of funds data compiled by the Federal Reserve discloses that in 1953 gross private domestic investment totaled $34.6 billion. Of this, $7.5 billion was channeled into small business. In other words, big business received 78.6 percent of the investment pie while small business, which occupies roughly half of the Nation's business and industrial economy, received 21.4 percent.

Things have gone downhill for small business since then. Twenty years later, in 1973, the small business share of gross private investment amounted to $16.5 billion. In that year, big business, comprising 3 percent of all commercial and industrial nonfarm entities received 89.5 percent of the funds invested while small business representing 97 percent of all nonfarm commercial and industrial entities, obtained only 10.5 percent of the total funds invested.

That is a 50-percent reduction in the small business share of gross private domestic investment in two decades.

Moreover, the capital formation demands of the American economy in the 12-year period, 1974–85, will be nothing short of staggering, according to studies conducted by the New York Stock Exchange. Gross private domestic investment needs during this period are estimated at $4.5 trillion. But the study concluded that investment funds available will fall short of this mark by $650 billion. The small business share of that total shortfall will be about $71 billion or $6 billion a year.

The chief source of credit for the Nation's small businesses are commercial banks. Yet of the 14,000 commercial banks in the United States, less than 600 have 10 or more loans outstanding to small business under the SBA's guarantee loan program, and less than 125 have 50 or more loans outstanding to such commercial and industrial enterprises through the SBA program.

This chronically unfavorable situation deteriorates even further during tight money periods. Between 1973 and 1974, for example, the number of SBA guaranteed loans fell by one-third, from 33,000 to 22,000.

The total volume of commercial bank loans to small business has been growing but at a painfully slow rate. Commercial bank loans to small business totaled $777 million at the end of 1946, a figure which was 21.4 percent of $3.6 billion in total credit market debt instruments outstanding to small business at that time. Twenty-five years later, at the end of 1971, commercial bank loans to small business amounted to $13.9 billion or 35.6 percent of the outstanding debt to this sector of the economy.

During this same time frame, from 1945 to 1975, high interest finance company loans to small business rose more than 600 percent, from $1.2 to $7.7 billion, and represented nearly 20 percent of the total credit market debt outstanding to this area at the end of this period.

Among other things, it is evident that the desperate search for credit and capital by small business has forced these firms to turn in growing numbers to the often intolerably high cost loans available from finance companies.

The future promises to be far more bleak for small business absent any change in the policies by which credit is allocated to this priority area of the Nation's economy.

James J. Needham, chairman of the New York Stock Exchange, has said:

The financing problems of small business will be greatly affected by the severe deterioration in the balance sheet positions of

major corporations. In particular, as larger companies turn increasingly to commercial banks for funds—which should happen as the economy picks up steam—smaller borrowers may find themselves pushed even further to the rear of the borrowing queue . . . Small companies are always last in line in the credit markets. In the face of an inadequate supply of investment capital, the smaller firm will be left out in the cold.

The scenario presented by Needham, is to say the least, discouraging, when it is acknowledged that small manufacturing companies rely on commercial bank credit far more heavily than is the case with the larger counterparts. Commercial bank borrowing by small manufacturing companies was at a rate which was 14 percent of assets during the first half of 1975. By comparison, commercial bank loans to large manufacturing companies amounted to 5 percent of total assets during the same period.

During 1975 and even more so at present, a strong conservative trend has become established throughout much of the Nation's commercial banking industry, particularly among the largest commercial banks which command the bulk of the Nation's loan funds. To acquire loan funds, these financial institutions have been increasing their short-term debt through the sale of high-yielding certificates of deposits which rose from $40 billion in 1972 to $80 billion in just 2 years. This has occurred at a time when an increasing number of the Nation's largest banking organizations were being placed on the problem lists of Federal bank regulatory agencies due to poor loan practices and undercapitalization. The result has been a sour market for the sale of bank stock a step that might otherwise have been taken in order to increase capitalization and financial strength. In what has been described as a "flight from risks," commercial banks have increasingly channeled available loan funds into the purchase of short-term Treasury debt paper at the expense of other borrowers, particularly small business.

Just as small companies are always last in line in the credit markets, so too are they the hardest hit in terms of unemployment and bankruptcies during inflationary, tight money, high interest rate periods.

For example, in September of 1975, the national unemployment rate was 8.3 percent when 7.8 million people were out of work. However, industries having substantial small business employment were hit harder than the national average figure indicates. Unemployment in the construction industry, which includes all small homebuilders, was 14.3 percent during that month. The jobless rate in the retail trade industry was 9 percent, and was the fourth highest industry unemployment rate in the Nation.

According to the Small Business Administration:

The vast majority of failing firms are small businesses, indicated by the fact that 96 percent of those failing in the first eight months of 1975 had liabilities of under $1 million, averaging $107,765.

With the exception of June when it was 36.5, the rate of business failures for the first 8 months of 1975 ranged from 43.4 per 10,000 firms to 49.1 per 10,000 firms, far higher than the failure rates of 38.3, 36.4, and 38.4 for 1972, 1973, and 1974 respectively. Failures in personal service firms were up 47 percent and bankruptcies among construction firms increased 42 percent during the first 8 months of 1975. As indicated above, both types of industries have large concentration of small enterprises.

Mr. President, all of this constitutes a graphic illustration of the urgent need to develop new policies and mechanisms by which to allocate adequate credit on reasonable terms to small business and to other priority areas of the Nation's economy.

The vehicle to do this. S. 50 and H.R. 50, the Full Employment and Balanced Growth Act of 1976, stands ready for consideration by the Congress. In effect, this measure establishes a new framework to achieve maximum coordination between the Congress and the administration for the development and implementation of fiscal and monetary policies to reach and sustain maximum full employment, production, and antiinflationary goals. Full employment is defined as a jobless rate of 3 percent or less of the adult work force, a goal which the bill requires be met within 4 years from the date of enactment. The President would be required to propose supplementary job creation policies and programs to reduce and ultimately eliminate any shortfall in job opportunities.

Mr. President, any effort to achieve a full employment economy must be fully cognisant of the financial needs of small business. As I indicated earlier, over half—55 percent—of all nonfarmworkers in the Nation are employees of small business. Despite the large sector of the economy occupied by small business, such firms are highly vulnerable to shifting economic conditions. In a very real sense, the impact of the Full Employment and Balanced Growth Act of 1976 will be as great or greater on small business than on any other segment of the economy. This is as it should be since the vitality of the Nation's economy—indeed the prospects for a viable prosperous future with stable prices for the country—depend largely on the condition of small business.

WHY EDUCATION R. & D.?

Mr. JAVITS. Mr. President, I am pleased to bring to the attention of my colleagues a recent article in the HEW publication, American Education, by Dr. Harold L. Hodgkinson. Dr. Hodgkinson, who serves as the Director of the National Institute of Education, presents a sound case for the fundamental importance of an applied approach and a problem-solving approach to education research. He goes on to outline the role and activities of NIE which are trying to meet this need.

I agree with this point of view, and am pleased to note that the Committee on Labor and Public Welfare has recognized the need for an expanded Federal investment in education research. In its report to the Senate Budget Committee on the proposed levels for the fiscal year 1977 budget, the committee stated its concern for adequate funding for NIE. I ask unanimous consent that the full statement in that document be printed in the RECORD.

Mr. President, I believe Dr. Hodgkinson's remarks warrant the full attention of all those who are interested in the improvement of American education, and I ask unanimous consent that the article be printed in the RECORD.

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

REPORT OF THE SENATE COMMITTEE ON LABOR AND PUBLIC WELFARE TO THE COMMITTEE ON THE BUDGET, MARCH 1976

The Committee is concerned that an insufficient investment is being made in research to solve fundamental and persistent educational problems. In such areas as health, agriculture and energy, the Federal Government has a unique role in supporting research because the benefits typically accrue nationally, not to state and local governments or to individuals who are willing or able to make necessary investments. Thus, educational research requires a federal investment because there is no sufficient alternative source of funding. Education is currently estimated to be a $120 billion annual enterprise in America. Yet fundamental questions, such as how to adequately teach young people to read and write and how to prepare all persons regardless of age for successful and rewarding careers, remain elusive to adequate solution. While the Federal Government pours large percentages of available Federal funds into research in areas like health, agriculture and energy, there is chronic Federal underinvestment in educational research. Although we have not yet solved our fundamental educational problems, we remain reluctant to provide adequate resources in educational research to achieve necessary breakthroughs. When established in 1972, the National Institute of Education combined programs which were operating at an annual rate of $140 million. The three-year authorization in the original bill provided for expenditures of $550 million. Unfortunately less than half of this authorization has been appropriated, and there have been several years of serious underfunding. In recognition of the need for Federal support of education research and recent underfunding of this important investment, the Committee recommends a total of $200 million (p. 25).

WHY EDUCATION R. & D.?

(By Harold L. Hodgkinson)

(The director of the National Institute of Education talks of problems that vex education researchers and believes that a breakthrough is close at hand.)

Research and development is one of the most misunderstood and neglected elements of American education.

When a discussion turns to education R&D, the picture that often come to mind is that of a professor sitting in an office, surrounded by piles of obscure journals and perhaps talking to himself as he writes a scholarly dissertation. This image of the "ivory tower intellectual" is all too easy to conjure up. It's also far from accurate.

Education research is, or should be, the systematic investigation and solution of critically important problems affecting what and how our children learn. This is a complex undertaking—given the size and complexity of American education. Close to eight percent of America's gross national product—

$119 billion per year—is invested in education, and it is the major occupation of more than 62 million people. Considering the plethora of vocational training, adult education, and enrichment programs available in addition to traditional schooling, the pursuit of education is probably the Nation's foremost business.

Our educational system is, in many ways, second to none. This is not to say that it is perfect or, in some respects, even satisfactory. Despite our best efforts to date, the following situations prevail:

Employers complain that many high school graduates cannot read or write well enough to function effectively on the job.

Many children are denied equal education opportunities because the language they learned at home is not the language used in the schools.

Many students leave school without the knowledge or skills they need to choose and pursue a career.

America's schools are caught in a crunch of rising costs, declining enrollments, and constant demands for better performance.

At the same time, more and more students of all ages are questioning the real worth of education. Where, they ask, is the motivation to do well in school, to acquire post-secondary degrees, when a street sweeper in California makes $13,000 a year and an assistant professor in that State's college system makes $12,500? It's become obvious that education is now only one of a number of routes to economic security.

These problems are critically important, and the Nation cannot deal effectively with them on a stopgap, local basis.

But the Nation *can* do something about them by supporting a systematic, national effort to examine problems scientifically, develop and test solutions, and see to it that the final results reach those who can make use of them.

This process of scientific inquiry into educational problems extends more than 100 years into the past. Scholars like Henry Barnard, William James, John Dewey, and Edward L. Thorndike are as eminent in the field of education as are Joseph Lister, Alexander Fleming, or Jonas Salk in the field of medicine.

However, research in the social sciences and especially in education poses problems very different from those in the physical sciences. Perhaps the most obvious are in development and evaluation. The research engineer designing Detroit's newest car has a definite advantage over the social scientist developing a new reading curriculum. That prototype car can be given a field test and evaluation rather quickly (perhaps by simply driving it down the road); if it falls apart or won't stay on the road, it's obvious that there is something wrong. If it works, the Detroit engineer knows he has a worthwhile product. He also knows that when the car comes off the production line, it will fulfill an existing demand.

But the social scientist faces several pitfalls. Not only is it often harder to evaluate the long-term effects of his product, but is usefulness hinges directly on the stability of the target population. All too often a good research program will develop useful curriculum materials that produce demonstrable results, only to have the socioeconomic population change drastically. After what may have been a five-year research effort, the researchers are left with a variety of materials and techniques that were designed specifically for one population but simply do not work for another.

Then, too, the payoff and impact of successful research efforts in the physical sciences can be far more immediate and spectacular. The search for a cure for polio took decades, even though it was a multimillion-dollar effort involving hundreds of scientists pursuing thousands of different lines of inquiry. Yet the final payoff was worth that investment: The Salk vaccine has made the incidence of polio in this country almost nonexistent.

The success of post-World War II research and development in the physical sciences led to a growing faith in R&D as an effective instrument of social progress. This optimism reached its peak in the early 1960s, with a huge upsurge in support for social action programs. The Office of Economic Opportunity was created to eradicate poverty in this country; programs like Head Start, Upward Bound, and Follow-Through were created by very optimistic people as a rapid way to equalize educational opportunity.

Because of this deep emotional commitment, the sponsors of such programs were not entirely receptive to research evidence that might throw doubt on a program's success. Most of these social action programs, therefore, did not build in an adequate research or evaluation component but rather tacked it on later.

The mixed success such programs achieved indicates that there are few easy solutions to educational problems. For all of the optimism and resources invested in massive social action programs, most problems are still with us. It simply isn't possible to design a single method of instruction, or a single textbook on mathematics or grammar that will work for all students.

Too many people still tend to look at education research and say it isn't useful because instead of simplifying the problems it only makes them more complicated. In medicine it is acceptable to have 50,000 people working on a cure for cancer; that means that we've got 50,000 chances of finding a cure. However, to support 50 different approaches to solving the problem of why some youngsters can't read, is, to many people, a waste of effort and money.

There is also a question of time, a far more critical factor in the social sciences than in the physical sciences. The electronic heart pacemaker, for example, took 32 years between the original conception of the idea and the first workable model. That sort of time lag in most of the social sciences would likely make the final product worthless.

There's a strong tendency to believe that education research should be able to produce cut-and-dried single solutions. Unfortunately, it is rarely that easy. For example, it is not difficult to find two schools in the same area serving the same type of population that nonetheless have entirely different problems. The schools may offer identical curriculums, yet one may have tensions and severe discipline problems while the other operates in peace and harmony. Something must account for that difference, but what? By studying only what goes on in the schools, the chances are that it will never be uncovered. Educators—researchers included—need to revise their expectations of what the educational system can do and admit that families, churches, neighborhoods—in fact the whole range of factors that form an individual's environment—have a critical role to play in the total development of the young.

It's equally important to think about what the function of the school really is. Willard Waller, one of the first educational sociologists, described the school as a "museum of virtue"—a place to exhibit all the virtues that nobody wants to practice anymore, but that everyone feels are somehow important. Sociologists usually split the school's functions into two: the manifest functions (to teach our children, to improve their character, to serve as a social hub) and the latent functions, (to introduce youth to competition to keep youth out of the labor market, to select the meritorious and weed out the unfit, to serve as a juvenile detention center for those who don't seem to make it very well in society, and, by bringing young folk together, to convenience matchmaking).

Every organization has such manifest and latent functions. In order to change or improve them, we must first be able to identify them. One of the responsibilities of education research must be to place schools in a realistic perspective as a part of a total environment affecting what children learn, how they learn it, and what kinds of values they place on particular types of knowledge. Education research is just beginning to produce studies on this. One of the most significant of recent findings in higher education has to do with the importance of a student being in a residential atmosphere. It's quite clear that such an atmosphere is critical in helping people develop in terms of self-reliance, initiative, and basic maturity.

Again, it's a matter of considering the total environment of the student rather than simply an isolated portion of it. To assume that there is only one aspect that need be considered is to miss a great deal of the picture.

For a good many years, education research was almost exclusively involved with the psychology of learning. From Skinner's studies in the 1930s to Thorndike, Lindquist, Tyler, and Maslow, psychologists tended to be the leaders in education research. This leadership has given us important new information about how organisms learn new things and a few insights into how they adapt to their environments, but it hasn't told us that much about why some things take place in and outside the school and others don't.

Political scientists are just now beginning to get into educational questions. Texts on education organization and administration are being written by political scientists, and that's a big change. History, anthropology, and sociology are a few of the other disciplines that have a great deal to offer education. But it's a slow process. A look at people who have been trained as education researchers in schools of education will indicate that about 85 percent of them still are psychologists. We need more of a balance.

It's also important that we link education R&D more directly to the world of practice, to what's actually going on in schools. In the past, education research has been charged, perhaps justifiably, with "tunnel vision." To many education policymakers in the early 1960s, education change took place in a relatively linear fashion. Basic research was conducted on problems posed largely by the current state-of-the-art in a particular discipline; the results of that research were then applied to develop products; and the final products were delivered to the schools, which would faithfully adopt them.

This view projected a rather passive or compliant role for those in the schools, both in deciding what problems should be addressed and in developing solutions. That's a highly unrealistic view, and one that is rapidly changing. The elitist notion of several years ago that research could be done only by highly trained scholars is no longer supportable. There is now a much stronger acceptance of the proposition that the teacher, the school administrator, and even local citizens must be involved, and in fact, are likely to have some good ideas about how research can improve education.

When the National Institute of Education (NIE) was created in 1972, its four-part Congressional mandate essentially gave the Institute the leading Federal responsibility for studying the most critical problems in education and helping teachers, school administrators, and education policymakers determine the most promising solutions and apply them in the schools. We at NIE see that mandate as a partnership. We are firmly convinced that State departments of edu-

cation, local school systems, and professional associations should be our indispensable colleagues in any effort to improve education. We believe that they must be involved, not only in disseminating the final product, but also in setting the research agenda and conducting and evaluating the work itself.

This is not an easy task, especially when the Nation commits less than one-half of one percent of its total education expenditures to efforts to find out what works and what does not. By way of comparison, agriculture spends 3.2 percent of its total resources on research and development, and health spends 3.6 percent.

To bring about the most effective research payoff possible within the means given it, NIE has concentrated its efforts on five areas of particular importance: basic skills; educational equity; education and work; school finance, productivity, and management; and the dissemination of research results and innovative practices. These areas were by no means random choices. They reflect several years of planning sessions, meetings, conferences, and the like involving NIE staff, chief State school officers, teachers, school administrators, education researchers, and policymakers at all levels. They further reflect the expressed intent of Congress that our activities be "goal oriented," emphasizing the dissemintion of research and development results to those in the schools.

Of course, involving all sectors of the education community isn't that simple. In this country there are more than 18,000 bodies responsible for making decisions about elementary, secondary, and postsecondary education. By way of comparison, there is only one decision-making body for education in France.

Which is more efficient? Perhaps the French, on a day-to-day basis. But the type of pluralism we have allows us to adapt or adjust the system far more quickly when there's a crisis.

On the whole, I think we in America are better off, even though our number and variety of policymakers make jurisdictional conflicts endemic. Teachers, superintendents, parents, principals, school boards, State legislatures, State boards and departments of education, the courts, and the Federal Government all have a voice in what goes on in any given school on any given day. And all have views—sometimes very conflicting—about what education is and should be.

An examination of public opinion polls, such as the 1972 Harris poll, will show that Americans' faith in many social and political institutions has dropped noticeably since 1967. Nor have industry and the professions escaped this loss of confidence. Certainly the education system has come under strong criticism.

People are unhappy; they want more control over their lives, and one of the areas in which they have the best chance to get it is in the education of their children. This has made parents a much more vocal group than ever before as is evident in the disputes over busing, in the increasing numbers of school bond issues that are voted down, and in the growing desire on the part of many people to somehow go "back to basics." This "back to basics" drive doesn't necessarily mean that people want to give up the things they like about contemporary public schools. It's more of a yearning for that safe, clean, pure environment that never was, but that people think they remember.

But parent participation is not a fad. It is going to be an increasingly important aspect of education decision-making over the decade. Parents will be holding educators increasingly accountable for the type and quality of education their children receive.

This makes NIE's role all the more critical. Some of the programs now under way at the Institute have a tremendous potential for improving education. For example, the Education Amendments of 1974 authorized NIE to conduct an intensive study of the effectiveness of compensatory education programs, including the $15 billion Federal investment in programs for disadvantaged children Title 1 of the Elementary and Secondary Education Act. This will be the first comprehensive study of compensatory education and should provide some very important information about the kinds of schools or school programs that successfully deal with the problems of underachieving children.

The Institute is also developing appropriate instructional goals and curriculum materials for bilingual education. An estimated five million students in this country come from families in which English is not the language used at home. To date we know very little about the social and cultural processes influencing these children, which suggests that this research has considerable payoff potential.

In the next few years, we should also have a much better idea about at what stage of their lives people make career decisions, and what triggers those decisions. People used to think that, at age 18, a high school student would magically decide to be a doctor or a lawyer or a garage mechanic. Now it is clear that career possibilities are bouncing around in people's heads almost from birth; this makes it very important to know more about the whole sequence of events that produces a career decision. Regardless of whether it's at age two or 55.

Finding the solutions to these and other problems will not, of course, make education perfect, or even as good as it should be. I don't believe that will happen until some kind of common vision for the education system as a whole is developed. I am, however, convinced that the vision may be just around the corner, and that it will be based on the provision of a quality education for every American regardless of age, race, or sex.

We have at our disposal today the technical and economic means of making it a reality. And right now we are gathering the knowledge needed to put that vision into effect. It's a matter of choosing to do so and committing the necessary resources to the effort.

THE CHILEAN COUP REVISITED

Mr. McGEE. Mr. President, I bring to the attention of my colleagues a couple of reports which I believe contribute to a better, more balanced understanding of the developments in Chile which surrounded the downfall of the Allende government in September 1973.

I realize that a great deal has already been said on this subject. However, too much of it, I believe, has tended to disregard the role played by Chileans—Chilean politicians, Chilean military officers, the Chilean people. What Chileans did in the fall of 1973 and why they did it has frequently been overlooked here in the United States, where the emphasis has been on the CIA's involvement and other external factors. My remarks should, in no way, be interpreted as support for what the CIA did or the role of ITT. I did not at the time, nor do I today, condone such activities. Nevertheless, this focus has produced something of a "foreign-demon theory" to explain the demise of the so-called Popular Unity Government.

Mr. President, this theory may make for fascinating reading, but it simply overlooks, in a patronizing fashion, the principal actors in the Chilean political tragedy; namely, the Chileans themselves.

To help fill this gap, I am calling attention to two reports. The first, entitled "Military Government in Chile, Part I: The Coup," is the work of Dr. Thomas G. Sanders of the American University Field Staff. Dr. Sanders is a former associate professor of religious studies at Brown University.

The Sanders report offers a brief but illuminating study of the Chilean military, tracing its development from the 1920's. From his study of Chile's military leaders and institutions, Dr. Sanders concludes with the following observations:

The September 11 coup transformed Chile from Latin America's most lively democracy into one of its most repressive regimes. The conditions for this change can be traced to the 1960s, but they intensified between 1970 and 1973 as the country deteriorated economically and polarized politically. The military, at the time of Allende's election, considered themselves professionals despite their personal convictions, but they were gradually drawn deeper into the political process by the pressure of civilian political leaders who considered them a stabilizing force. When they finally intervened, they made their own institutional decision, but they were guided in their analysis by the views of the civilian opponents of the administration. The overthrow of Allende (contrary to the views of those who ascribe it to foreign influence) resulted from internal developments in the Chilean political process, and the actors in the coup were the nation's Armed Forces and Police.

The second report, "Chile: Left to Right," offers an overview of the coup, before and after. The report was prepared by Robert Dockery of the Foreign Relations Committee staff, who visited Chile in January of 1974. Mr. Dockery's report was circulated privately in February 1974 to members of the committee. His examination of the Allende period and the subsequent military intervention is, I think, a very balanced one, as evidenced by his concluding remarks:

The outlook for Chile is certainly less than promising. The new credits, the debt-rescheduling, the belt-tightening—none of these will resolve Chile's political dilemma of how to slice the economic pie in such a way that a majority of Chileans find it acceptable. Allende went to one extreme. The junta has gone to the other—and then some. Neither extreme deserves support.

Mr. President, both reports deserve serious consideration. I ask unanimous consent they be printed in the RECORD.

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

MILITARY GOVERNMENT IN CHILE: PART I: THE COUP

(By Thomas G. Sanders)

More than two years have now passed since the Chilean Armed Forces overthrew the leftist coalition government headed by Salvador Allende. During this period the Military Junta which seized power on September 11, 1973, has been frequently criticized for violently interrupting the Chilean political process, instituting a repressive regime, and violating human rights.[1]

Almost nothing systematic, however, has

Footnotes at end of article.

been written about the characteristics of the new government as a distinctive authoritarian and military regime. The neglect of Chile is due largely to the relatively short period the military have held power, but it contrasts with the abundant interpretive material on Brazil and Peru, where the military took over in 1964 and 1968, respectively. Inasmuch as the Chilean Armed Forces, like those in Brazil and Peru, will probably be in power for some time to come, the background of the intervention and the characteristics of the regime they established deserve examination. The present article traces military thinking from the 1960s through 1973, and describes their increased involvement in politics and the reasons they gave for carrying out the coup. Part II of this series focuses on the political, ideological, and economic characteristics of the system which was established after the coup and presently governs Chile, with special emphasis on relations between the Armed Forces and civilian supporters.

THE CHILEAN MILITARY BEFORE THE INTERVENTION

In 1970, when Allende became president, the Chilean Armed Forces were considered the most "professional" or nonpolitical in Latin America. They had not intervened since the turbulent period between 1924 and 1932, which was marked by the ascent of the middle class to power and the economic problems of the World Depression. Frederick M. Nunn has shown that military intervention at this time was part of a progressive but authoritarian "young officers' movement," led by Colonel Carlos Ibanez, who was elected president from 1927 to 1931 and who guided the nation through necessary constitutional and social reforms. After Ibanez was driven from office, however, the country was torn by a series of military coups and countercoups which led to a public reaction in favor of civilian government. In 1932, the military turned government control over to civilians and did not resume control until 1973.[2]

The period before 1952 witnessed several unsuccessful military movements which were minor, antidemocratic and usually favored Ibanez, a perenial aspirant to the presidency. In 1952, after a series of Popular Front governments based on the Centrist Radical Party had resulted in a deterioration of party structure. Ibanez was re-elected as a populist who attracted support from all sectors, including the far left and the far right. Many of his supporters wanted him to be a strong man (like Peron in Argentine) and establish a dictatorship, but when his administration ended in 1958 after six years of economic incompetence, inactivity, and public disillusionment, a new political spectrum emerged which was to dominate through 1970. It consisted of three more or less equal parts: the Liberals and Conservatives (who later joined together to form the National Party) on the right; the Christian Democrats on the center-left; and the Communists and Socialists on the Marxist left.

The period was one of great change and political struggle in Chile. The Armed Forces maintained a strictly nonpolitical role as an institution, the only exception being a minor rebellion in 1969, the Tacnazo, which had as its objective higher salaries. Armed Forces professionalism passed its most severe test in 1970 by abstaining from interference in Allende's victory, though some were involved as individuals in unsuccessful plots to prevent him from taking office.

While the Chilean Armed Forces played an essentially nonpolitical role in recent decades, this does not mean that individual personnel had no political opinions. To the contrary, they voted and frequently discussed politics among themselves, which was and continues to be a leading national indoor sport. Moreover, they tended to retain the biases of their class origins. Naval officers, for example, came largely from the upper class, were conservative, Catholic (in a traditional or Integralist way), and sympathized with the National Party. The officers of the Army and Air Force had a totally different social origin and political orientation, having come largely from the middle class. Their fathers had been Armed Forces officers, public functionaries, or small businessmen. Most of them were Masons, and their sympathies lay with the Radical Party, which (before joining the Unidad Popular in 1970) was anticlerical, mildly progressive, and representative of middle-class and professional interests. A few officers were Christian Democrats, and a few supported the Marxist parties.

Very few Armed Forces officers attended universities; their education was based on techniques of national defense which they learned in the Service Academies and abroad, especially in the United States. Chile had no institution comparable to Brazil's Higher War College or Peru's Center of Advanced Military Studies, where military intellectuals could receive an education in national economic, social, and political problems. As an institution, Chile's Armed Forces were totally lacking in a coherent body of thought about national directions and policies. They envisioned themselves as professionals in security, leaving politics to the politicians in Chile's effervescent party system.

Understanding the distinctive interpretation of recent history that developed in the military is essential to understanding many Armed Forces actions after 1973. During the '60s many military men came to hold a skeptical, critical view of political processes, which they shared with many other individuals of all classes. Conditioned by their profession to act according to discipline, obedience to higher authorities, and unquestioned patriotic ideals, they disliked the personal ambition, self-interest, compromises, and opportunism that were characteristic of partisan politics.

Nearly all outsiders, including myself, have considered the 1960s a period of progress. For some of us the Christian Democratic administration (1964–1970) represented a constructive advance over the "traditional" parties that had dominated Chilean politics because it initiated a variety of structural reforms, made greater use of public power to further development, and improved the condition of marginal groups. Other analysts inside and outside Chile have emphasized the contradictions in the Christian Democratic performance, the changes which it did *not* carry out, and have interpreted the election of a Marxist-dominated administration as an inevitable outcome.

A third view, which was common among Chilean military officers and some others, received less attention in the rapid flow of events in Chile after 1969. According to this view, Chile's increasingly populist-style politics had resulted in a swollen bureaucracy, a social security system which reflected special group interests, and economic irresponsibility manifested in high rates of inflation and increased indebtedness through deficit spending. Most of the military were not Christian Democrats and did not share the views of the Frei government about reforms and development. And because they were not intellectuals, they had no alternate development model in mind, but rather held the moralistic, antipolitical views that were common in the middle class. Like many others in their social category, they were frustrated and unhappy over increased taxes, the constant erosion of purchasing power from unending inflation, low salaries, and what they pejoratively called *"politiquería."* The Tacnazo was a symbol of their discontent. Though it involved only a small group among the military, Frei considered it sufficiently important to grant substantial salary increases.

The military considered themselves very patriotic and very Chilean. Their training conveyed a strong sense of identity with Chilean culture and history, especially the decisive and heroic events which shaped the nation. But this orientation was lacking in the nation's contemporary political debate, which centered around the future options defended by the Christian Democrats and the Marxists.

The vast bulk of the Armed Forces leaders were also strongly anti-Marxist. To men with such a patriotic perspective, the two principal Marxist parties were anathema, the Communist Party because they were an instrument of Soviet foreign policy and the Socialist Party as sympathizers with a Cuban solution to Chilean problems. In the international communist movement, few parties stuck as closely to the Soviet line as the Chileans. They were immediate and enthusiastic defenders, for example, of the Soviet intervention against the Dubcek reforms in Czechoslovakia. And the Chilean Socialist Party, though its members held various points of view, had adopted by the late 1960s a position favoring armed struggle as the only way to achieve socialism in Chile. The military also found distasteful the *bon vivant* lifestyle of socialist leaders, such as Allende and Senator Carlos Altamirano.

Though most of the Armed Forces officers probably voted for Frei in 1964 (since he was the only viable alternative to Allende), their subsequent sympathies came to focus on former President Jorge Alessandri, whose campaign got under way in 1968 and seemed headed for victory in 1970. Alessandri's discipline, austerity, and personal integrity seemed cut in the military mold of virtue. Furthermore, he was a staunch anti-Marxist. (In contrast, Radomiro Tomic, the Christian Democratic candidate in 1970, had originally tried to form an alliance with the Communist Party but had been rebuffed.) In the campaign of 1970 Alessandri gathered around himself a strong following which included most military officers and was both anti-Christrian Democrat and anti-Marxist. Though Alessandri received 34.98 per cent of the vote in the three-way race, Allende won with 36.3 per cent.

Allende's victory was a source of deep concern to many military officers because they feared that he would undermine Chilean institutions and establish a Marxist system. At the time of the election, the Commander-in-Chief of the Army was General Réne Schneider, an exceptionally strong defender of military professionalism who transmitted his views to the other officers. When Schneider was murdered during a kidnap attempt aimed at provoking a military coup to prevent Allende from taking office,[3] he was succeeded by General Carlos Prats, who upheld without compromise what came to be known as the "Schneider doctrine" of military professionalism.

Despite considerable misgivings, the military went along with the new government. They were encouraged because the Christian Democrats extracted a guarantee of basic liberties and the professional character of the Armed Forces as a condition for ratifying Allende's election in Congress. Allende himself soothed them by choosing as his first Minister of Defense a member of the Radical Party and the principal non-Marxist component in the Unidad Popular (UP), by granting the military an increased role in development, and by increasing their salaries. But some younger officers, at about the level of captain, were not convinced. They believed that Allende had bought off the higher officials by giving them attention and increased salaries, and from 1970 on, they considered the possibility of intervening to save Chile from Marxism.

Footnotes at end of article.

Within a year, by late 1971, higher ranking officers were also thinking about intervention. Their initial concern stemmed from the upsurge of parallel armed groups tolerated by the government. Allende organized his bodyguard from the Movement of the Revolutionary Left (MIR), a group so radical that it opposed participating in elections and favored a violent revolution. The MIR also encouraged armed invasions of land by peasants. Thousands of leftist foreigners entered Chile, and some received weapons. The MIR and the Socialist Party later established industrial "belts" and "communal commands," armed with weapons secretly imported from Cuba, to defend the revolution. The Intelligence Services of the three Armed Forces kept a close tab on these developments.

On April 13, 1972, Army Intelligence elaborated the first contingency plan for containing an outbreak of violence by these groups. The plan considered several possibilities. One anticipated that the MIR supported by other leftist groups, might carry out rural and urban subversion which the police could not control, thus requiring the Armed Forces "to intervene in support of the legally constituted government." A second was the possibility that the Executive and the Congress (where the Opposition had a majority) might so polarize political sentiment that partisan groups might engage in violent armed action and even civil war which would require the participation of the Army. A third possibility was that the President's supporters might attempt a "conquest of power by force . . . or elimination of the Marxist government by the opposing bloc." The plan concluded with a recognition that such a polarization could affect the Armed Forces and compel them to initiate some form of defensive reaction to save the country.[4]

This contingency plan, which was later revised, was to provide the basis for eventual military intervention. On July 9, 1972, according to a government document which may magnify the role of the Army and of General Pinochet, who was Army Chief of Staff at the time, a secret Memorandum was drawn up which shifted the contingency plan from defense to offense. The potential for disruption grew as Chile's serious inflation and shortages were intensifying polarization between the Executive and various opposition groups. Army Intelligence was preoccupied with the arming of workers in factories and lower class *problaciones* (residential areas). The new contingency plan considered the possibility of "using units for action against squatter settlements and/or marginal urban *problacioners*."[5]

In early November, Allende persuaded the three Armed Forces chiefs to enter the Cabinet, initiating a new stage in which the military role changed from bystander to active participant in the political process. The immediate cause of Allende's invitation was a crisis in the commercial supply system, which had begun with business shutdowns in August and culminated in the first truckers' strike, which started in October, lasted 24 days, and was at least partly financed by the CIA. The breakdown of the supply system exacerbated the already serious problems of shortages and the black market. At this time, some medium-grade officers entered into contact with civilian opponents of Allende about the possibility of a coup.

The Armed forces defined their participation in the Cabinet as nonpolitical. They hoped to defuse the polarization by settling the truckers' strike, to return the country to normalcy, and to guarantee that the congressional elections, scheduled for March would be conducted honestly. Their presence had a calming effect on the country: the truckers' strike was settled almost immediately; Allende went on a long trip abroad, leaving Prats, the Minister of Interior, in charge; and Chileans turned their attention to the congressional elections. The Armed Forces officers insisted that their period in the Cabinet be temporary since in Prats' words at the time, "it is dangerous for the Armed Forces to appear linked to a government whose ideological lines are so clearly defined."[6]

Prats, who is said to have voted for Alessandri in 1970, gradually became a sympathizer with the government and with Allende. His military professionalism and his apparent belief that the government's policies were beneficial for Chile led him to keep hands off the political process. Through his five-month term as Minister of the Interior, the most important post in the Chilean system, he was converted into a political figure. Indeed, the Communist Party even began to promote him as a possible successor to Allende.

Many military officers felt that Allende was using the Armed Forces to give legitimacy and a period of stability to what they considered to be an illegitimate and chaotic regime. The vast majority of the Army officers were also opposed to Prats' political role, which, they felt, was compromising the professional character of the Armed Forces. Nevertheless, as long as Prats was Commander-in-Chief, the Army as an institution adhered to the principle of military hierarchy and obeyed, though some individuals in the military were plotting to overthrow the regime.

The elections of March only confirmed the deadlock between the President and the Opposition-dominated Congress. Worse, both leftist and rightist groups had now given up on the system and increasingly had begun to use violence. The Armed Forces left the Cabinet on March 23, having fulfilled their mission of guaranteeing elections, but they continued to be at the center of all political discussion until the coup. Moderates in the UP and leaders of the Opposition considered them the only means of shoring up the government, given the deteriorating, polarized, and increasingly violent situation.

The Armed Forces leaders would not, however, sanction the UP policies and participate in the Cabinet without setting prior conditions, which also coincided with the Opposition's main criticisms. The conditions included promulgation of a constitutional reform limiting the area of State control in the economy (which Congress had passed and Allende had ignored), repression of the parallel armed groups, strict adherence by the government to the Constitution and the laws, and respect for Congress, the Judiciary, and the Controller (Allende had ignored judgments by the Supreme Court and the Controller that certain of his actions were unconstitutional). In April a group of high officers, despite Prats' disapproval, protested to Allende against a proposed unification of the national educational system within a "socialist" and "revolutionary" orientation.

The socialists and other leftist groups in the UP, such as the Movement of Unitary Popular Action (MAPU) and the Christian Left, did not want the Armed Forces in the Cabinet and were willing to accept them only if they abandoned all prior conditions. These groups had already concluded from the election results that they could not establish socialism in Chile by institutional means and were arming their supporters to seize power by insurrection. To counteract them, the military now had a weapons control law, which they had pushed through during their stay in the government, giving them the right to search residences and other places for arms.

On June 29, an unsuccessful coup called the Tancazo (not to be confused with the Tacnazo) was attempted by an Army tank regiment supported by a civilian anti-Marxist group, Patria y Libertad. No other military units participated. Allende called on workers to occupy factories and offices to defend the government. Though the insurrection was rapidly defeated, the display of weapons, especially in the industrial belts around Santiago, Valparaíso, and Concepción, disturbed the Armed Forces and led them to intensify their search for arms. To stabilize the situation, Allende again requested that the Armed Forces join the Cabinet, but when UP leaders turned down their conditions, Allende had to form yet another civilian Cabinet.

The assassination of Allende's naval aide by Patria y Libertad, the principal violent group on the right, finally led the military commanders and the head of the police to associate themselves with a Cabinet of "National Security" on August 9, through the left wing of the UP insisted at the time that "national security depends on the revolutionary force of the workers." Prats became Minister of Defense, Air Force General César Ruiz Minister of Public Works and Transport, and Admiral Raul Montero, Minister of Finance. By this time production in industry, agriculture, and mining was dropping, the country was almost paralyzed by strikes of workers, professionals, shopkeepers, and truckers, inflation exceeded 350 per cent annually, and political violence was commonplace.

After 12 days, Ruiz resigned, charging that the UP would not give him the necessary authority to settle the truckers' strike. Because Allende considered him a *golpista* (favorable to the coup), he forced him also to resign as head of the Air Force, with General Gustavo Leigh replacing him. Air Force officers declared their unanimous support for General Ruíz, and appealed to Prats, but when he said he could do nothing because the UP parties were the arbiters, the Air Force placed its personnel on alert, and apparently a coup almost began. Rumors of serious discontent in the Army also circulated widely.

On August 23, Prats resigned from the Cabinet and the Army. This move was precipitated by a demonstration against him in front of his home, in which the wives of several generals participated. Two days after the demonstration most of the generals confronted Prats with their consensus that he should choose between the Cabinet and his Army post. Prats resigned both, indicating that he did not want to be "a factor of rupture of institutional discipline and of the State of Law, nor serve as a pretext to those who seek the overthrow of the constitutional government."[7] The next two ranking generals, who were sympathetic to Prats, also resigned, and General Augusto Pinochet took over the top position (Allende was convinced that Pinochet was loyal to his government.) Shortly thereafter, Admiral Montero also resigned his hopeless task of doing something about the economy.

On August 28, Allende again managed to bring the Armed Forces into what was to be his final Cabinet. This time, however, the members were lower ranking officers who did not represent any institutional commitment to the regime. And the top officers were free to finalize their plans for overthrowing the government.

THE PROBLEM OF LEGITIMIZING INTERVENTION

The military takeover in Chile was not a simple coup carried out for the sheer desire to assume power. The Armed Forces were a modern and professional institution, committed in principle to abstention from the political process and cognizant of its lack of qualifications for governing. Between 1970 and 1973, they gradually changed their views and concluded that they had to intervene for the national interest. The interruption of a democracy as deeply rooted as that in Chile and in a fashion that was certain to cost many lives required an intense level of conviction.

The Constitution of 1925 says very little about the functions of the Armed Forces.

Footnotes at end of article.

The only relevant section, Article 22, states that "the public force is essentially obedient. No armed body can deliberate." Chileans commonly recognized, though, that the military had a role of defending the Constitution. When Allende was elected and many people feared that he would violate the Constitution, it was frequently alleged that the Armed Forces provided a check against obviously unconstitutional actions, but this vague hypothesis was far from being a specific constitutional guarantee.

Two factors that preconditioned the Armed Forces against the Allende government have been noted: their dislike of Marxism, and their association with the middle and upper classes, who, in large part, became progressively more hostile to the regime. Other factors, however, were added during the period 1970–1973 and prompted the Armed Forces gradually to abandon their professional role and finally to act to overthrow the government. Judging from their statements before and after the coup, four central problems gave them motivation:

(1) An early and continuing concern with parallel armed groups, which the military feared would resort to violence and try to gain power by extraconstitutional means, and which they would be unable to control without civil war.

(2) Economic deterioration, conflict between the social classes, and political polarization.

(3) Unconstitutional actions by the Executive.

(4) Marxist infiltration in the Armed Forces.

All these problems reached an intense pitch in the last six months of the Allende government.

According to the Pinochet-oriented account, "At the end of March 1973, General Pinochet was absolutely convinced that for Chile there existed no other way than to occupy the Government by force of arms." [8] On May 28, while Prats was traveling abroad, the "Generals of the Army" met and brought the contingency plan of national security up to date.[9] Since one of the plan's options was the overthrow of the government if the UP resorted to violence, and since this possibility undoubtedly dominated the thinking of the military, they decided to limit the number of officers who knew of the updated plan and to insist on absolute secrecy until they could complete preparations.

The Tancazo of June 29 was an amateurish plot that took place outside the contingency plan. Army Intelligence knew in advance of a conspiracy against the government by young officers and detained some of them. The Second Armored Regiment, however, apparently had not been detected and was able to carry out its attack. The leaders of the future coup noted carefully the response of their troops to orders and also the disposition of the "popular" forces when Allende called on them to defend the government.

Although private conversations about the condition of the country and the need to do something were commonplace, the Army could not participate in any action until Prats resigned. On August 27, almost immediately after the General's resignation, the Director of Operations submitted a memorandum on the "National and Institutional Situation." The memo deserves attention as a reflection of how the military saw the situation about two weeks before the coup.[10]

The first paragraph referred to the "division of the citizenry into openly antagonistic political and social groups," and subsequent paragraphs spelled out the forms of their disunity, including the divisions in the UP itself and the hostility between the UP and the Opposition which impeded effective government. The administration, the memo charged, had failed to satisfy the aspirations of the majority of the people and instead had fomented class struggle and instigated an economic attack on the middle class "for representing the great obstacle to achieving the dictatorship of the proletariat." It went on to say that "reduced groups of theoretical, ultra-radical, and unscrupulous politicians organized politically, trained, and armed the working classes, leading to lack of discipline and responsibility among them." The students were also politicized and had forgotten "their principal responsibility: to study." Workers and peasants were not doing their jobs. Terrorism had increased beyond the control of the government: not only public facilities but also persons were attacked.

The memo said that the country was in "the worst [economic] crisis . . . in the last 40 years," with drops in production in all sectors, uncontrolled inflation, a prevalent black market "with the benevolence of the government," lack of investment, increased imports of food and other nonproductive goods, increased external debt, and loss of creditworthiness. Simultaneously, Chile was being isolated from the countries that could aid it economically, since the UP policy was hostile to the United States and favored links with the socialist nations, "which do not have the capital to aid the country."

The memo referred to the "irresponsibility" of the political parties "with respect to the interests of the nation" and the government's lack of will to end extremism. "The desired and hoped-for peace does not come from the government and its followers."

In conclusion, the document set out its justification for armed intervention:

"The essence of the existence of the Armed Forces is rooted in the survival of the nation. This fact alone concedes to these institutions a moral authority over political parties, *gremios*, professional and religious associations, when these have failed to fulfill their national tasks.

"Their ancient tradition, their decision to confront responsibilities in critical moments, their efficient professional preparation, their identification with all the Chilean people, and their democratic sentiment, make them constitute the ultimate bastion of support for the Fatherland. . . . The Armed Forces and Police of Chile are by construction contrary to Marxist doctrine and procedures. Ideologically they are antagonistic and irreconcilable. . . . The confrontation has passed to a new stage in which the Armed Forces have been attacked and penetrated [a reference to infiltration]. Non-conventional war has already begun."

The radio message of September 11 repeated many of the memo's points, but it gave additional emphasis to violations of the Constitution by the Allende government.[11] The first paragraph within the text of the September 11 proclamation referred to violation of the freedom of expression, instruction, assembly, strike, petition, property, and the right "to dignified and secure existence." Five more of the 12 articles referred to such unconstitutional actions as intentionally distorting the law and the Constitution, failing to carry out laws, ignoring decisions of the Congress, Judiciary, and Controller, accumulating excessive political and economic power in the hands of the Executive, and undermining the presidential character of the government by submission to pressures from political groups.

The radio proclamation reflected the influence of a resolution by the Chamber of Deputies, adopted on August 22 by a vote of 81 to 44, which referred precisely to these systematic violations of the Constitution. The resolution charged that the UP from the beginning intended to seize power and set up a totalitarian state opposed to the democratic system established by the Constitution.[12]

The September 11 proclamation also gave a more precise justification for intervening than had the memorandum of August 27.

"All the antecedents [cited] are sufficient to conclude that the internal and external security of the country are endangered, that the existence of our independent state is jeopardized, and the maintenance of the government is inconsistent with the high interests of the Republic and its sovereign people. . . . These antecedents . . . are sufficient to justify our intervention to depose the illegitimate, immoral, and non-representative government, avoiding in this way the greater evils which the actual power vacuum can produce. . . . The Armed Forces . . . have assumed the moral responsibility which the Fatherland imposes on them of removing the government, which though initially legitimate, has fallen into flagrant illegitimacy, and have decided to assume Power for the period that circumstances require . . . to reestablish the economic and social normality of the country, and the peace, tranquility, and security which have been lost."

I have quoted these documents extensively because it is difficult for any military government to legitimate itself, but it was especially so in Chile since the Allende government had been elected constitutionally but the Junta that replaced it broke the constitutional tradition completely, making no effort to establish its legitimacy by adaptation to the previous system.

Of the various justifications for their intervention, the activities of parallel armed groups need further elaboration because it took an especially serious turn before the coup, when radical elements in the UP began infiltrating the Armed Forces with the aim of subverting them. As political and social polarization intensified after the elections, and especially after the Tancazo, the UP increased its efforts to form a parallel people's army, and rightists likewise engaged in violence. And as the Armed Forces more vigorously applied the weapons control law against the left (but not the right), the UP, especially its more radical components, retaliated by labeling certain military officials *golpista* and urging enlisted men not to obey them.

On August 7, the Navy announced the discovery of subversive cells on two of its ships. Shortly thereafter reports spread that the 23 men involved had implicated high leaders of the UP; and on August 30, Vice Admiral José Toribio Merino, the Naval Judge who would later become head of the Navy and join the Junta, initiated a process against Senator Carlos Altamirano, Secretary General of the Socialist Party (the largest in the UP), and Oscar Garretón, chief of MAPU. In response, the Executive Committee of the UP, a coordinating organization of all the government parties, expressed its solidarity with the Naval personnel being processed, "whose only attitude was to defend the Constitution and the Law and to reject those who intend to commit the Navy to *golpismo*." [13]

The alignment of the government parties against the principles of Naval hierarchy and discipline was a serious challenge to the Armed Forces. The government was correct that a coup was being planned, but one of the military's basic justifications for the coup was the deliberate attempt of the government to create its own army and neutralize the Constitutional Armed Forces.

In a public address to the Socialist Party on September 8, Altamirano admitted his complicity and gave the military the excuse they would need shortly to intervene:

"I attended [he said] a meeting to which I was invited to hear the complaints of a subofficial and some sailors against subversive acts supposedly perpetrated by officers of that armed institution, and I will attend whenever they invite me to denounce actions against the Constitutional Government

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Footnotes at end of article.

of Salvador Allende. . . . The coup is not combatted with dialogues, but with the force of the people, its industrial belts, its peasant councils, its organization. And the civil war is attacked by creating a true power of the people. . . . In this hour unity is more necessary than ever to defend the program of the UP, which says that transformations can only be made if the people seize power." [14]

During these turbulent last days of the Allende government, according to the official interpretation, no direct coordination or communication took place between the Armed Forces' leaders, though it was tacitly understood in all branches that the officers wanted to remove Allende. On September 5, Pinochet, the Army Commander-in-Chief, decided to schedule the secret Army plan for the 14th, when troops were to gather in Santiago to practice for a parade five days later.

On September 9, while Pinochet was meeting with General Leigh to discuss Air Force participation in the coup, two high Naval officers entered with a document that announced the Navy was going to begin action on the 11th and asked the Army to join them. Pinochet changed plans, he and Leigh agreeing to the Navy proposal. To allay suspicion, the Navy left for maneuvers and then returned early on the 11th. Pinochet, in turn, secured permission from the Minister of Defense to put the Army troops on alert, should some violence result from Altamirano's speech.[15]

As is now well known, the military intervention took place on September 11, the Presidential Palace was bombed, and Allende committed suicide. The original Army plan had assumed that the Battle of Santiago alone would take at least five days, but except for a scattering, resistance was overcome in one day. The "popular" forces did not resist to the degree that both the UP and the military anticipated.

Two final points for interpreting the coup should be mentioned. According to Carlos Briones, Allende's last Minister of the Interior and an opponent of such radicals as Altamirano, Allende had planned on September 11 to announce a plebiscite on whether or not he should resign.[16] Since Allende discussed this in private with Briones on the 10th, it is doubtful that the military knew anything about it. Second, in October the Junta made public a "Plan Z," according to which the UP, stimulated by Cubans, had planned to murder the top military chiefs on September 19 and take power. The "White Book" of Plan Z, however, is not convincing, though the materials do show that the UP also had a contingency plan directed against a military coup and had been arming frantically to prepare for it.

The September 11 coup transformed Chile from Latin America's most lively democracy into one of its most repressive regimes. The conditions for this change can be traced to the 1960s, but they intensified between 1970 and 1973 as the country deteriorated economically and polarized politically. The military, at the time of Allende's election, considered themselves professionals despite their personal convictions, but they were gradually drawn deeper into the political process by the pressure of civilian political leaders who considered them a stabilizing force. When they finally intervened, they made their own institutional decision, but they were guided in their analysis by the views of the civilian opponents of the administration. The overthrow of Allende (contrary to the views of those who ascribe it to foreign influence) resulted from internal developments in the Chilean political process, and the actors in the coup were the nation's Armed Forces and Police.

FOOTNOTES

[1] The most illuminating analysis of the ideological and political process within the Allende government is Genaro Arriageda Herrera, *De la Via Chilena a la Via Insurreccional* (Santiago: Pacífico, 1974). Cf. also Thomas G. Sanders, *The Process of Partisanship in Chile* [TGS–1–'73], Fieldstaff Reports, West Coast South America Series, Vol. XX, No. 1, 1973.

[2] Frederick M. Nunn, *Chilean Politics, 1920–1931: The Honorable Mission of the Armed Forces* (Albuquerque: University of New Mexico Press, 1970).

[3] As a result of the failure of this coup, Patria y Libertad, a "nationalist" organization committed to overthrowing the Allende government, was formed. It apparently had some contact with military officers and by violence and disruption hoped to provoke a coup.

[4] *La Acción del Ejército en la Liberación de Chile* (Historia inédita), pp. 13–16. This is a pamphlet distributed by government sources with no publisher or date indicated. It is very helpful for understanding Army attitudes, but may give biased emphasis to the Army, to Pinochet, and to military duty as contrasted with plotting. It has no reference to any pre-coup contacts with civilians.

[5] *Ibid.*, pp. 17–20.

[6] *Ercilla*, No. 1989 (August 29–September 4, 1973), p. 7.

[7] *Ibid.*, p. 8.

[8] *La Acción del Ejército en la Liberación de Chile*, p. 22.

[9] *Ibid.*, p. 23.

[10] The text of the memorandum is in *ibid.*, pp. 32–37.

[11] The text of the September 11 pronouncement is in *Algunos Fundamentos de la Intervención Militar en Chile: Septiembre 1973* (Santiago: Gabriela Mistral, 1973), pp. 131–33.

[12] The text of the August 22 resolution is in *ibid.*, pp. 13–19.

[13] Arriagada, *De la Via Chilena a la Via Insurreccional*, pp. 319–20.

[14] *Ibid.*, pp. 320–21.

[15] These events are discussed in *La Acción del Ejercito en la Liberación de Chile*, pp. 39–45. The coordination of the coup as a last minute decision seems confirmed by a statement of General Leigh in an interview with the Brazilian magazine *Visão* (February 25, 1974). "Things were being precipitated, until on Saturday, the eighth, Altamirano, leader of the Socialists, pronounced a violent discourse calling the workers to arms and admitting that he had met with the subofficials of the Navy. It was insurrection. There the thing broke out. We talked, the four chiefs of the Forces, about the possibility of ending with this. It was the first time that we talked without inhibitions, because General Prats had also left his position on the 23rd of August."

[16] The Briones interview was given to the London *Times*, but appears also in *Ercilla*, No. 1999 (November 21–27, 1973), p. 12. According to Briones, in the last days of Allende, "There was such a climate of political irrationality that it appeared to be taken from the best theater of the absurd."

Chile: Left to Right

SUMMARY

Political developments in Chile over the last two years reflect little, if any, credit on that country's political leaders, its military chiefs, or its government officials in general. Installed in 1970, the Allende regime sparked an ideological binge which in three years time brought Chile to the brink of civil war. And the binge goes on—despite the military's intervention in September, 1973, and its avowed apolitical stance. If the junta continues on its present course, civil war could well be in the offing again—maybe in less than three years.

In the past year, Chile has simply shifted its political gears from the far left to the far right, but in neither case have there been any increased lasting benefits for the average Chilean. Under the Allende regime, he eventually had to face rampant inflation, bread lines and civil disorders of all stripes and varieties. Under the military junta, he must now contend with deflation, unemployment and strict social regimentation. A majority of Chileans will not suffer either extreme gladly—as the Allende government found out too late and as the present government has yet to discover.

In explanation of what went wrong, Allende's supporters have repeatedly emphasized external factors—CIA plots, Yankee imperialism, the "invisible financial and economic blockade" as Allende himself contended. Not surprisingly, perhaps, the junta uses a similar explanation to justify its actions: the international communist conspiracy, KGB agents, Fidel Castro. As one Chilean military official told me, "Depending on the results of the upcoming presidential election in Colombia, Chile could well be the only country on the West Coast of South America outside the communist camp. Ecuador and Peru have already been 'lost.'" Just as the search for "foreign demons" did not save Allende, so, too, it is unlikely that the junta's search for external villains will prove to be its salvation. The search is certain to be intensified at the first signs of organized terrorist activity—which all observers are agreed is just a matter of time.

Insofar as United States policy toward Chile is concerned, there are no easy choices. But the choosing is made easier by the fact that the U.S. has no overriding national interest in Chile, regardless of who's running the country. If this is so, the U.S. should probably accord the junta the same treatment accorded Allende, otherwise we run the risk—in the eyes of the world—of placing greater emphasis on the protection of property rights than on the protection of human rights. From a policy standpoint, we should give equal weight to both.

But if the U.S. Embassy in Santiago has its way, a "modest" bilateral aid program will be initiated in the next few months and military training and sales will continue as in the past. In the final analysis, however, the existence of these programs is no more likely to bolster the current regime than the lack of them served to undermine the last one. Nevertheless we will pay a political price for any assistance, direct or indirect, which we extend to the junta, despite the fact that our influence on it is probably marginal at best.

For better or worse, the future of Chile, like the past, will be decided by Chileans.

By mid-afternoon it was virtually over. La Moneda, the presidential palace, was in partial ruins; inside, former president Allende was dead; outside, Chile's best military units continued to "mop-up." The Chilean Armed Forces had enginered Chile's first successful military coup in more than forty years.

The coup had actually started in the early morning hours of September 11 in Chile's principal seaport Valparaiso, where naval units secured the town before dawn. Allende received word of the Navy's action and went immediately from his private residence in the Santiago suburbs to the presidential palace in the heart of the city. He arrived there about 7:30 a.m., surrounded by an entourage of bodyguards. Within an hour or so, armored units surrounded the palace and heavy street-fighting errupted, as quasi-military units and government employees loyal to Allende tried to defend the Moneda and other government buildings in the immediate vicinity.

Throughout the late morning hours, so the official story goes, the leaders of the coup were in frequent contact by phone with Allende, urging him to surrender. Allende steadfastly refused. The refusal lead to an ultimatum: surrender or the palace will be bombed, starting at 11:00 a.m. Allende again refused. The military delayed the bombing order until after the noon hour, just about

the time Chileans normally prepare for a leisurely lunch. Waiting no longer, the or der was given: two British Hawker Hunters streaked over downtown Santiago and rocketed the palace with incredible accuracy. "They delivered those rockets right through the front doors of the palace," was the way one official observer explained it to me. Chileans themselves jokingly explain that because of the accuracy required—and achieved, the rocketing of the palace must have been performed by the Blue Angels. (Drawing further on this incident and combining it with Allende's reputation as a drinker, Chilean humor has produced the story that the ex-president's last drink was "scotch on the rockets.")

In retrospect there is little doubt that the coup was well-planned, well-coordinated and well-executed. The basic strategy, according to most accounts, involved little more than reversing the National Defense Plan which the military had developed for use in the event of a national emergency. Reversing the plan meant that instead of defending the government radio station, it would be captured; instead of using the Hawker Hunters defensively, they would be employed offensively, and so on. Whether or not this is true, the fact remains the coup was conducted with a remarkable degree of precision. One military expert summed it up this way, "From a strictly military standpoint, it was beautiful."

According to the textbooks, Chile's military coup of September 11, 1973, was never supposed to happen. One standard authority presents the case this way:

"In its political history, Chile has a record of stability unique in Latin America. Since 1830 presidents have served their allotted terms (with the few exceptions already noted) without the uprisings, unseatings and assassinations which have been the rule in some other nations. A few Chilean presidents have ruled arbitrarily, but, since the days of Portales, dictatorships have been rare. At times political dissenters have been jailed or exiled, but they have never been submitted to sadistic torture or summary execution. Since 1833 Chile has lived under two constitutions, while most of the other republics have had a dozen or more. As an independent state, Chile has been relatively decorous and orderly, and during recent years, stoutly democratic." *

Recent events in Chile have shattered this image almost beyond recognition: The executions, the jailings, the bookburnings—the military junta is guilty of all of them and more. There is no justification for the atrocities, even though there appears to have been considerable justification for the decision to intervene. In all likelihood, civil war was the only alternative.

By the middle of 1973, it was obvious to the vast majority of Chileans, if not to Allende, that the socialist dream had become an economic and political nightmare. The galloping inflation. The daily strikes and demonstrations. The empty shops and stores. The black market. And the seemingly endless lines—bread lines, milk lines, cigarette lines, gasoline lines . . . . Stories abound about youngsters being sent out at 3:00 and 4:00 in the morning to get a good spot in line; or about doctors, lawyers and other professionals spending their weekends running down leads on meat or sugar; or there are the stories about going to the local restaurant and having to take a grocery sack full of money to pay the check; or there's the one about the family who bought a used car and it took more than three hours just for the seller to count out the bills received in payment.

*Hubert Herring. *A History of Latin America*, Second Edition. Alfred A. Knopf, New York, 1961.

Chile's economic indicators for last year give added truth to these stories, beginning with a record-setting annual rate of inflation of 508 percent. The old record, established the year before was 163 percent as compared to 22 percent in 1971; and 35, in 1970, the last year of the Frei government.

The year before Allende took office, industrial production increased by 4.3 percent. In 1973 industrial produtcion declined across the board by 3.5 percent. Selectively, the copper industry, Chile's principal foreign exchange benefactor, didn't do a great deal better, but at least the statistics remained positive. Copper production in 1970 measured 688,000 metric tons; for 1973 it was 725,000 metric tons, even though the price of copper on the international market was near record levels, eighty cents a pound. However, throughout 1972 and 1973 there was considerable labor unrest in the mines, largely due to the state's intervention in the management of them. At Chuquicamata, Chile's largest copper mine, 84 strikes were registered in 1972 alone.

Agriculture fared worst of all. Using 1970 as the base year (100) agricultural output dropped to an estimated 71 in 1973, with reductions of 4 percent in 1971; 15 percent in 1972 and 13 percent (estimate) in 1973. Not surprisingly, Chile's food import bill rose from $235 million in 1970 to $607 million in 1973.

When the Allende administration entered office, the Chilean government had on hand $340 million in net international reserves; three years later, the marker in the till read minus $475 million. Deficit spending during the Allende years went from 1.7 billion escudos in 1970 to 143.7 billion escudos in 1973, or 48 percent of government expenditures.

Despite its very serious economic situation by the middle of 1973, the Allende government still had more credit offered to it that year than it did during its first full year in office, $200 million in 1971 versus $475 million for the nine months it was in office in 1973.

While it is doubtful that the controversy over foreign credits (or the lack of them) and the toppling of the Allende regime will ever be settled conclusively, a fair reading of the situation would seem to indicate that the credits were not of critical importance to the survival of Allende's Popular Unity Government. At most, additional foreign credits would have done little more than prolong the day of reckoning—given the economic course chartered by the communist/socialist coalition and the unwillingness of a majority of Chileans, moderates and the traditional right alike, to accept it. Foreign credits were simply not the answer to the dissension and opposition which the Allende policies generated among a majority of Chileans.

Allende's economic policies were aimed at achieving two things: holding down prices and managing production through state intervention. Both were achieved—but the achievements were illusory. For example, as late as August 1973, the official price of gasoline on the free market was still a few cents a gallon despite the 500 percent inflation rate. But as a practical matter, gasoline was not available on the free market or the amount that was available from time to time was so limited as to be insignificant when compared to total demand. Hence, probably more gasoline was sold on the black market than on the free market. To one degree or another, the entire range of consumer goods met a similar fate, with the result that by the middle of 1973, free market goods were virtually non-existent.

The failure of the price control policy reflected what had happened on the supply side of the economic equation. With prices being maintained at artificially low levels, producers had few incentives to produce and little, if any, incentive to make new investments. State intervention in industrial management acted as an additional brake on the flow of new investment capital from the private sector. In the end, several hundred enterprises were "intervened" by the Allende government but with no appreciable increase in production. In fact the opposite occurred in 1973 when industrial production actually declined, despite substantial gains in the final quarter following the September coup.

As production fell, deficit spending increased and galloping inflation was on its way. The more money the government printed, the more it had to print. The "drug-addict syndrome" set in and few escaped the repercussions.

While most observers agree that lower income groups lived better than ever before during the first two years of the Allende administration, they also agree that the higher standard of living was bound to be short-lived. So long as there was unused capacity and hard currency in the bank, the government could afford to subsidize basic commodities and make them available at greatly reduced prices.

But once the till was empty and the government turned to the printing presses, reality appeared and it probably struck hardest at the groups Allende had hoped to help the most: the wage earners and slum dwellers could least afford to pay the prices on the black market.

On the political front, the failures were just as evident. Although the Chilean constitution leans in the direction of a strong executive, Allende never had control of the executive branch, let alone the government as a whole, or even his own coalition for that matter. The Popular Unity banner, which Allende headed, was composed of six left-of-center parties, the principal ones being the Socialist Party and the Communist Party. The two differed substantially in terms of political strategy.

The Chilean Communist Party, the more moderate of the two, advised Allende to go slowly; to build one step at a time; to avoid drastic measures; and to lay the groundwork for another election victory in 1976. The Socialist Party (Allende himself was a Socialist) counseled him in the opposite direction: to move as fast as possible; to control every facet of government and key areas of the economy; to keep the right off-guard, less it have time to organize. Socialism now!

"These differences alone," according to one respected observer, "were enough to make Allende's job impossible. But in addition he had to contend with the opposition-controlled Congress, the military, the courts, the Comptroller General's Office, the business community, the *gremios* (professional and trade associations) and the oligarchs in general. No man can walk that kind of tightrope for six years."

And so Allende couldn't. Said one Chilean of him, "No matter how divided his supporters, he was always vain enough to believe that he could bring them together to get the job done. Until 1973, he had always been able to deliver."

There are those who say that by September Allende realized there was no way out other than to make a deal with Frei and the Christian Democrats. He had, they say, planned to announce such a deal on a nationwide T.V. address scheduled for September 10. The timing of the speech was changed at the last minute. By September 11, it was too late.

In the end, surprisingly few chose to oppose the military's intervention. "The Popular Unity Government," said one Chilean, "may have passed out a lot of weapons to its supporters, but when the showdown came, they didn't have the will to resist, probably because deep down they, too, recognized that Allende had failed. No one escaped the shortages, the long lines."

Even those who now have serious misgivings about the military government firmly maintain that the "great majority" of Chileans either actively urged military intervention or wholeheartedly supported it when it came. "Eighty percent of the population applauded the military's decision. And keep in mind that even the Concepción, where Allende's support was greatest, there was no resistance at all; not a single shot was fired." If the Chileans with whom I spoke are right, the 80 percent figure is not that far off. No one suggested a figure below 75 percent.

While I have no reason to doubt that the great majority of Chileans supported the coup (in fact I personally am inclined to think that's quite true), there was a "blank" spot in my conversations with Chileans: I was unable to talk to any notable Allende supporters because most, if not all of them, are either in hiding, in exile, in prison or in graves.

If the Chilean military deserves high marks for skillfully toppling the Allende regime, its performance since then has not been nearly so impressive and in the particular area of human rights, it has been nothing short of outrageous.

Despite the fact that there was relatively light resistance to the coup, thousands have died since then. Some say no more than 2,000; others, 3,000 to 5,000. One highly respected Chilean put it this way, "Look, if you told me 10,000 have died since September 11, I wouldn't be surprised." One official told me he really didn't have a clue to the actual number, but he added, "Out near where I live, there's an Army post, and for several weeks after the coup the intermittent firing began every morning just as regular as clockwork—and there ain't no target range out there."

Regardless of the numbers, there's not much doubt that this grisly business is still going on in Chile. Those suspected of "subversive intent" are still being picked up. Some of them are questioned and let go almost immediately; others are questioned and released two or three months later or simply held indefinitely. Still others are questioned, tortured and executed.

At the present time, there are six known facilities where political prisoners are being held: Santiago Military Academy; Estadio Chile (a small sports stadium in Santiago); Chacabuco Mining Camp near Antofagasta; Naval facilities at Valparaiso; Quiriquina Island near Concepcion; and Dawson Island in the Straits of Magellan. The estimated total political prisoner population at these detention camps is 3.500. In addition, it is estimated that some 2,000 more are under "house arrest while their cases are being investigated."

With respect to Chilean nationals who have fled the country for fear of political persecution, there are no reliable estimates on the total number. Certainly, thousands of Chileans have left already and more are sure to follow. Several hundred Chileans per week are still going to the Canadian Embassy, for example, to fill out visa applications.

As for the number of refugees, the U.N. High Commissioner's Office told me that as of January 22, 1974, it had registered 3,341. Of the total, 1,687 had already departed from Chile and 271 more were ready to leave and just awaiting flight space. Of the approximately 1,400 remaining, about half are being processed, and the other half, according to the U.N., probably have either left the country on their own or changed their mind and decided to stay. At the height of the U.N.'s refugee program in Chile, it operated a total of six "safe haven" refugee centers. That has now been reduced to two. New refugee applicants are running about eight to ten per week.

An estimated 3,900 refugees and Chilean nationals took refugee in foreign missions. All but about 200 have been given safe conduct passes and have left the country, largely through the efforts and arrangements made by the various diplomatic missions, as well as the U.N. (in the case of refugees).

The Chilean military junta is composed of three career military officers and the chief of the Carabineros (the national police force). By name and rank, they are Army General Augusto Pinochet; Navy Admiral Jose Toribio Merino; Air Force General Gustavo Leigh; and General Cesar Mendoza. Pinochet is the President of the Junta.

From all accounts, none of these men relished the idea of leaving the barracks to take control of the government. "The people begged us to do it; they pleaded with us. Finally, at the 'eleventh hour' we did what had to be done in order to avoid civil war." These are the standard phrases that one hears from those close to the junta as justification for the military takeover. A great many people believe it, probably because it comes pretty close to the truth.

There is, however, a more official explanation given by the junta itself. It goes something like this: Last year, Chile's military intelligence services uncovered a plot (Plan Z) by extremists in the Allende camp to assassinate various government officials and military leaders. This would quickly pave the way for a socialist dictatorship.

Hence, to prevent the *putsch* from taking place, the military stepped in. Apparently, only the military believe the story, or at least no one else seems to, the principal reason being (as one foreign observer told me): "The Allende regime leaked like the proverbial sieve; if there had been such a plot, military intelligence would not have had to discover it, they would have been able to read about it in the newspaper."

If the military was reluctant to move against the Allende government, it is now determined to stay in power "until the job is done." Doing the job means three things: First, eliminating subversion; second, modernizing the armed forces; and third, restoring the economy. These are the junta's political objections; and its politics, like its official explanation for the coup, are fairly straightforward, if not simple and crude.

The purpose of the first objective is to make the country internally secure. Anything that detracts from the country's internal security is closed down, shut down or locked up. Similarly, anybody who is deemed a threat is "investigated," imprisoned or eliminated. Military officers now hold practically all the major government posts, as well as a great many minor ones. Military tribunals have largely replaced the civilian judicial system. Congress has been put out of business. The six political parties that formed the Allende coalition have been declared illegal; all the others have been "recessed" indefinitely. The press has been subjected to strict censorship; labor unions have been shut down. The Chilean constitution has been declared null and void. And, last but not least, there have been the executions, the jailings, and the book-burnings.

All of these things have been done and are being done in the name of "internal security." Where it all ends, naturally, remains to be seen. But the task is all-encompassing and it is expressed in thoughts like these: "All elements dangerous to the future of Chile must be eliminated." "The country must be re-educated." "A new attitude must be developed." "Politicians brought this country to the verge of civil war; never again will that be allowed to happen." As one local observer explained, "Joe McCarthy couldn't hold a candle to these guys (the Chilean military), not the way they define 'subversion.'"

Turning to the junta's second objective, the primary reason for modernizing the armed forces is so that Chile will be in a position to cope with the "Peruvian threat." This threat has been perceived to exist ever since the late 1800's when Chile fought a war (The War of the Pacific) against Peru and Bolivia and beat both of them, taking important territory away from each. The present threat is much greater, in the eyes of the Chilean military, because the military junta running Peru has been doing business in the Soviet Union, where it recently purchased a few hundred new tanks. This, along with the Peruvian junta's "left-wing" stance, adds up to the international communist conspiracy at work, according to Chile's military leaders.

To counter the perceived threat, Chile can be expected to make some major weapons purchases as soon as a little of the sag is gone from her economy. Already she has expressed strong interest in acquiring a number of F–5Es (the Freedom Fighter) through the Foreign Military Sales Program.

Restoring the Chilean economy is the most difficult task facing the military leaders. And to do the job the junta is relying largely on a group of Chicago University-trained Chilean economists. The basic idea is to undo the Allende economic program and return to the "free market" (something which Chile has probably not had in this century). Price controls on some items were removed almost immediately; on others they are being removed gradually. Private companies which were intervened during the Allende years are being returned to their original owners, providing they agree to accept all debts and liabilities. Ten American companies have already been returned. Copper companies are the principal exception; they will remain under the control of the Chilean government but the junta has said it will enter negotiations for just compensation.

Recently, the junta sent its economic wizards off to Washington to talk to IMF officials and the heads of the other international financial institutions. The expectation is that the Fund will provide about $100 million in stand-by support and that the other institutions, along with bilateral lenders (including the U.S.), will come in with additional credits.

In return, the Chileans will promise "to deflate" their economy as quickly as possible (largely by holding wages well below increases in the cost of living). Already the Chilean government is claiming that it can reduce the inflation rate to 100 percent by the end of 1974 (versus the 500 percent rate registered in 1973). While many doubt this can be done, few doubt the effort will be made.

Then comes the debt-rescheduling—a truly monumental task . . . .

The outlook for Chile is certainly less than promising. The new credits, the debt-rescheduling, the belt-tightening—none of these will resolve Chile's political dilemma of how to slice the economic pie in such a way that a majority of Chileans find it acceptable. Allende went to one extreme. The junta has gone to the other—and then some. Neither extreme deserves support.

SENATOR PASTORE'S ADDRESS ON THE PEACEFUL USES OF ATOMIC ENERGY

Mr. BAKER. Mr. President, I sincerely commend Senator PASTORE for his leadership in the area of peaceful uses of nuclear power—both as a member of and as Chairman of the Joint Committee on Atomic Energy. Many of the accomplishments in this area, as well as the challenges which remain, were covered in an address by Senator PASTORE on April

22, 1976, before the Fiftieth American Assembly. I believe the speech to be a valuable one which should be of great interest to the Congress and the public.

Mr. President, I ask unanimous consent that the address by Senator PASTORE to the Assembly be printed in the RECORD.

I will continue to work with Senator PASTORE and my colleagues on the committee and in Congress to assure that this country will receive the full benefit of safe and reliable nuclear power, as well as the other energy sources which the Nation will need for it to continue to be strong at home and abroad.

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

SAFE AND RELIABLE NUCLEAR POWER: PROMISES FULFILLED—CHALLENGES REMAINING

(Remarks of U.S. Senator John O. Pastore)

I deeply appreciate your invitation to share this occasion with you. I am sure that your Association and those who are here this evening are dedicated to the betterment of community and country and are deeply concerned with the destiny of America.

In this Bicentennial Year, our citizens are able to look back with pride on the almost unbelievable accomplishments of America.

One such accomplishment occurred in 1942 when Enrico Fermi and his co-workers unlocked the secrets of the atom by achieving the first self-sustained fission chain reaction.

This was civilization's most exciting scientific discovery.

It unleashed a physical force greater than that discovered by man in all of recorded history.

In the short time of just nearly thirty-four years since Fermi's historic achievement, nuclear power has emerged as the dominant factor in the great human equation and as undoubtedly the single most important factor determining the course of international relations.

This is so because the atom can be used as a weapon to destroy the human race or it can be used to provide a safe, reliable and boundless source of usable energy to the benefit of hopeless and distressed people everywhere on the planet.

In view of the origin of its birth, it is natural that the world thought then, and even now, of atomic energy primarily as a weapon of destruction—Fermi and his associates and the thousands of dedicated workers who followed them were aware of the other side of the atom—the vision of the untold benefits to our civilization from its peaceful use.

For the past twenty years, I have been a member and Chairman of the Joint Committee on Atomic Energy. My attraction to this responsibility has been the peaceful atom. As I remarked at the celebration of the 25th Anniversary of the Atomic Energy Act, if my responsibility as a member of the Committee was only to make a better and bigger bomb, then I would have had no part in it. Unless we can put this tremendous power at the disposal of man for his enrichment, I must say tonight that it would be far better if this great achievement had never occurred.

The fact is that the peaceful atom, primarily through the safe and reliable generation of electricity, offers an opportunity to help achieve what I believe is the fundamental desire of people everywhere—the vision for a better life for our children and those who follow.

At the outset, I emphasize safety because safety is an indispensable essential in nuclear power.

Although I will have more to say about safety later, the fact is that reactors of the type now in use in this country have proven themselves as safe, reliable and economic sources for the generation of electricity. The commercial nuclear safety record is excellent.

But we all know that the benefits of nuclear power necessarily involve some risks, as does every other industrial activity, including every known means to generate electricity in large amounts.

While past experience, including that gained during the demonstration stages of a new technology, provides a large measure of assurance and confidence that the risks are minimized and should be acceptable, this experience can not, and must not be allowed to reduce the emphasis and eternal vigilance which is being placed on safety and environmental considerations.

JCAE EXPERIENCE

I do not reach any conclusion about reactor safety based on any pretension or expertise of my own.

I am not a scientist or an engineer. My conclusion is based on the favorable operating experience to date and the overwhelming views expressed in testimony before the Joint Committee in hearing after hearing conducted during the past twenty-five years.

Members of this Committee have studied these matters over the years with the intensity of a physician studying a patient with a rare or puzzling ailment. I might also add that the Committee itself has been studied by some with the same intensity and interest.

This is as it should be in view of the tremendous responsibility in the field of atomic energy of the Joint Committee to the Congress and to the American people.

The accomplishments which have already been achieved in the use of commercial nuclear power and its promise for the future did not just happen. It required a long and difficult effort requiring close cooperation and partnership between the Executive Branch, the Congress, universities, national laboratories and industry.

Over the years the Joint Committee has recommended to the Congress and the Congress has enacted legislation authorizing and appropriating funds for research, development and demonstration of commercial nuclear power.

These programs—once established by the Congress—were followed closely by the Committee. Battle after battle was fought with budgeteers who short-sightedly tried to slash a modest program that has already saved our people hundreds of millions of dollars and, in the long run, will save billions of dollars.

Nuclear power has been developed—to the point where it is now generating large quantities of safe, reliable, and economic power—by a few short years of dedicated effort and modest, well-paced demonstration programs, most through cooperative arrangements with industry. The total Government costs for these programs have been approximately $2½ billion. This contrasts with our present annual costs of over $25 billion for imported oil.

I don't want to leave you with the impression that correct decisions were made regarding all of these problems. I will frankly tell you later on where I believe programs, perhaps, could have been handled a little differently.

My point simply is that any long-term member of the Joint Committee—even though not a scientist or engineer—certainly is in a position to evaluate thoroughly the public policy issues relating to the benefits of nuclear power and the paramount importance of safety in the commercial applications of that technology.

I would not want any citizen to doubt for one moment, regardless of what past and present critics might have said or written, that the Joint Committee would tolerate anything less than the highest quality regulation of nuclear power and full and open communication to the American people on the risks involved.

COMMERCIAL NUCLEAR POWER

Several very important factors influenced progress on the way to the development and demonstration of safe and competitive nuclear power.

First of all, industry was being asked to participate with the Government in a new technology under a new law, the Atomic Energy Act of 1954, which provided for the first time the authority under which industry could participate in the commercialization of the atom.

Another factor was the abundance of natural resources with which this country was blessed. Many did not realize then that the resources were finite, and that liquid and gas fossil fuel supplies were rapidly being diminished. There was, therefore, a lack of sense of urgency to meet the challenges of source from a new technology.

Radiation from fallout of atmospheric weapons tests was the safety concern of that era. The primary criticism, however, probably came from those who became disillusioned because their once extravagant hopes for the atom were not realized fast enough.

I, too, was concerned about the progress being made in the development of commercial nuclear power. In the Fall of 1961, I met with President Kennedy and discussed with him the importance of having a definitive assessment and understanding of our domestic needs and prospects for atomic power.

Thereafter, President Kennedy asked Dr. Glenn T. Seaborg, then Chairman of the Atomic Energy Commission, to take a new and hard look at the role of nuclear power in our economy. The study was submitted to President Kennedy on November 22, 1963. This authoritative report provided an overall comprehensive plan for the development of nuclear power in the United States.

The report concluded in part:

"Nuclear energy can and should make an important and, ultimately, a vital contribution toward meeting our long-term energy requirements, and, in particular that: The development and exploitation of nuclear electric power is clearly in the near- and long-term national interest and should be vigorously pursued."

This conclusion has been emphatically confirmed by the significant events affecting our available energy sources which occurred subsequently.

The report laid out four basic objectives which, in the succeeding years, have charted the course for the development of nuclear power in this country. The report called for:

"The demonstration of economic nuclear power by assuring the construction of plants incorporating the presently most competitive reactor types.

The early establishment of a self-sufficient and growing nuclear power industry that will assure an increasing share of the development costs.

The development of improved converter and, later, breeder reactors to convert the fertile isotopes to fissionable ones, thus making available the full potential of the nuclear fuels.

The maintenance of U.S. technological leadership in the world by means of a vigorous domestic nuclear power program and appropriate cooperation with, and assistance to, our friends abroad."

EARLY PROGRESS IN THE DEVELOPMENTAL EFFORT

The year 1957 is significant in the development of commercial nuclear power because it was then that the Government-owned

demonstration plant of 60 megawatts was placed in operation in Shippingport, Pennsylvania.

This was the Nation's first large scale civilian nuclear reactor. It has operated safely and reliably in the succeeding two decades.

The years 1957 to 1963 saw the initial operation of several demonstration nuclear plants with power outputs of 200 megawatts, such as the Yankee Reactor in Massachusetts and the Dresden Reactor in Illinois. They are still operating with a safe record.

I wish to reiterate that these were demonstration plants, a primary purpose of which was to learn more about the art of nuclear technology.

From the construction and operation of such plants have come much experience and data which provide additional support for the extraordinarily high degree of safety which is present.

The next phase in the demonstration program involved plants above 400 megawatts, such as the Connecticut Yankee plant and the San Onofre, California, plants, which also have operated safely.

The increase in plant size to the 400 megawatt range, together with competition between the two largest atomic equipment companies, enabled nuclear powerplants to compete with fossil fueled plants without Government assistance.

It became clear in 1965 that the utility industry considered competitive nuclear power near at hand.

The first large wave of nuclear power plant orders began in 1965 and continued until by the end of 1974 some two hundred and eleven plants, with a total capacity of around 205,000 megawatts, had been ordered. Virtually all of the capacity ordered involved reactors ranging in size from 400–1300 megawatts.

The significant increase in the number and size of nuclear reactors is cause for particular vigilance in their design and construction so they will operate with a high degree of reliability.

A number of these plants have been successfully placed in operation. Around seventy of them are under construction. As a result primarily of recession-related reductions in electricity use and the general conditions of the money-market, approximately 23 of these plants were cancelled outright and nearly a hundred have been deferred.

I wrote each of the utility executives involved in the cancellations and deferrals so that I and the Committee would know whether those actions were based in any measure on any lack of confidence in either the safety or reliability of nuclear technology.

The responses were unanimous in expressions of complete confidence in the safety and reliability of nuclear power.

As far as I have been able to determine, the commitment to nuclear power in the long run remains a reality. What has happened is that the tremendous and sudden escalation in the nuclear orders starting in 1965 from almost zero has now settled down to more realistic and orderly demands.

Although I deeply regret the economic conditions which caused this to happen, the stretch-out may be beneficial if the additional time is used by both the Government and industry to proceed with research and development programs which should further improve the reliability of reactors.

ECONOMIC BENEFITS BEING RECEIVED FROM NUCLEAR POWER

Substantial economic benefits are already being gained from the number of nuclear plants now in operation. A 1,000 megawatt nuclear plant saves the equivalent of approximately 10 million barrels of oil annually.

In 1974 less than 50 nuclear plants supplied just under 8 per cent of the electricity generated in the United States. That use of nuclear power saved customers approximately $810 million in fuel costs. It saved the equivalent of approximately 185 million barrels of oil or some 45 million tons of coal.

The benefits were even greater in 1975. Approximately 57 nuclear plants supplied around 9 per cent of the electricity generated in this country. They saved over $2 billion in fuel costs and over 200 million barrels of oil or some 55 million tons of coal.

In certain parts of the country, nuclear plants generate even greater percentages of the electricity used with corresponding benefits to the regions served by those plants.

In 1975 nuclear power counted for 35 per cent of the electricity generated by that utility which services the Chicago metropolitan area. During 1975 nuclear power saved that utility approximately 37 million barrels of oil.

Nuclear plants generated 28 per cent of the electricity used in New England in 1975. If those plants were not in operation, New England utilities would have had to burn an additional 34.9 million barrels of oil at a cost to the consumer of $400 million.

The Energy Research and Development Administration estimates that there are about 93,000 people working in the private nuclear industry. There are about another 50,000 construction workers involved in building nuclear power plants. An additional 110,000 people are employed by ERDA's contractors in nuclear related activities. Approximately $100 billion has been invested to date by the private sector in commercial nuclear power.

PROJECTIONS FOR THE FUTURE

According to some of the most current projections, nuclear energy could represent about 26 per cent of electric power generation in 1985. However, the nuclear power projections account for a 30 per cent smaller contribution than earlier projections due to the utility cancellations and deferrals caused primarily by uncertainty in demand growth, financial difficulties and the long lead-time involved in bringing a nuclear power plant into operation.

In addition to the 58 nuclear plants now licensed to operate, there are now 69 nuclear power plants for which a construction permit has been granted. The Nuclear Regulatory Commission estimates that in 1976 operating licenses will be issued for about 10 units and that construction permits will be issued for about 34 units.

There are presently seventy-one additional plants which are under construction permit review, 17 are on order, and 21 others committed by utility announcements of intent. All of these figures represent a total of 236 plants with a capacity of 236,000 megawatts—a little more than one-half of nuclear power commitments in the world.

By the middle of the next decade, if all of these plants are on the line to generate electricity, they should over their lifetime represent the equivalent of about 65 billion barrels worth of petroleum generating capacity. This is about six times the estimated reserves of the Alaskan North Slope. Even at the present price of oil per barrel, the cost of such an oil replacement, assuming its availability, will be approximately $25 billion annually.

The availability of these nuclear plants would reduce our dependency on oil imports which have increased substantially since the oil embargo in 1973 to the point where they are sometimes in excess of domestic production.

Moreover, their availability would result in the conservation of petroleum, the supply of which is finite and which has a multiplicity of essential uses other than to produce electricity.

WORLD WIDE COMMITMENT TO NUCLEAR POWER

Other industrialized countries of the world now have some 273 nuclear power plants in operation, under construction or on order which would produce a total of 165,000 megawatts of electricity.

Even though we possessed a monopoly on the technology at the close of World War II, this science did not remain in our domain. In the Geneva Conference of August 1955, I saw the surge of a new spirit of atomic development. Here scientists were gathered from every corner of the earth exploring what to do to make the atom a servant of man for a brighter and better future. The Russians were there with evidence of their atomic power reactor which they said had been in operation for more than a year. The British were there also and their showing was centered around atomic power to generate electricity.

Even then, there was an awareness of a keen competitive interest in the atom by our friends as well as our adversaries.

Since those early days, particularly when President Eisenhower delivered his speech in December 1953 before the General Assembly of the United Nations urging the establishment of the International Agency for Atomic Energy, the development of atomic energy for peaceful purposes essentially became and has subsequently remained a vital part of our foreign policy.

As long as it so remains, it behooves this Government to work with private industry and with other countries in the development of this source of power so that we can win and hold the hearts and minds of people all over the globe who look to us for help and for hope.

It was my privilege to be selected by President Eisenhower as a delegate to the U.S. Mission to the Tenth General Assembly of the United Nations. It was also my privilege to advance, on behalf of our Government, the draft resolution that led to the creation of the International Atomic Energy Agency in 1957.

In 1966, I introduced S. Res. 179, the first Senate Resolution supporting the nuclear Non-Proliferation Treaty. That resolution passed the Senate by a vote of 84–0.

On July 1, 1968, President Johnson signed the Treaty on Non-Proliferation. That document, together with a strong International Atomic Energy Agency, provide an international framework under which the countries of the world can act in partnership to achieve the benefits of the atom while doing everything possible to assure that atoms for peace are not diverted to atoms for war.

Our policy from the start recognized that there would be in the world an increasing number of nuclear suppliers and recipients and, therefore, it would be in this Nation's interest to develop a safeguards system administered by a strong international organization of broad membership.

The fact is, however, that the power of international control of sovereign countries is not without practical limitations. But, the answer is not to abandon the sought-after goal of international control but to do all within our power to assure that it is strong and effective.

Providing international control to assure that the benefits of the peaceful atom are achieved without proliferation of nuclear weapons represents one of the greatest challenges which faces the leaders of the world today. This is a challenge which I do not believe will be met by any precipitous action on the part of our Nation. It is one which will require constant vigilance and patience in trying to have the leaders of the world, especially those of the supplier nations, exercise their influence and restraint.

Such an approach, through communication and understanding, seems to me is the course which is most likely to assure that

the human mind which created this technology also has the wisdom to understand the absolute necessity of the need to prevent the proliferation of nuclear weapons.

This is exactly what Senate Resolution 221, which I introduced and which the Senate passed on December 12, 1975, urges our President to do.

The leaders of the world must realize that the atom is with us for good or for evil and that only in the hands and minds of humans can this miracle of science remain a positive contribution to the human race.

OTHER CHALLENGES WHICH REMAIN

In view of the current energy situation which this country now faces and will face for years to come, it would seem to me that greater reliance on nuclear power is essential.

Our domestic supplies of oil and natural gas are being rapidly diminished. The United States will need increasing supplies of all available sources of energy, and clearly it would seem that both the coal industry and the nuclear industry will have their hands full in meeting their full share of the demand.

Nevertheless, there are challenges that are now being faced by the nuclear industry. Perhaps the most important of these challenges is the public acceptance of nuclear power.

From the beginning of the commercial nuclear power program, the Congress has insisted that the regulation of the commercial nuclear industry be conducted openly, with opportunity for public participation. This is as it should be in a society of free people—for without public support, little can really be accomplished.

Although the accomplishments through the dedicated efforts of many people can be pointed to as a source of pride, in many parts of the country there are aggressive campaigns being waged against the continued development of commercial nuclear power.

The points about nuclear power which seem to continue to worry people the most are:

1. What is the possibility of a very serious accident to a nuclear plant and how serious will the consequences be to the public?

2. What will be done about radioactive wastes and, in view of the long periods of its radioactivity, will we ever be able to dispose of this waste without a continuing concern for its potential effect on public health and safety?

3. Can the nuclear material, such as plutonium, be safely handled and adequately safeguarded so that it cannot be diverted by terrorist groups?

These are all legitimate questions to which the public is entitled to have answers.

Our Committee, too, has been concerned with these questions and we have continually and constantly urged upon the various agencies to come up with definitive plans and adequate budget requests to solve the problems.

Public debate began with some intensity for the first time in the late 1960's and has continued. Because of the questions being raised, I decided several years ago to discuss these problems with Dr. James Schlesinger, who was then the distinguished Chairman of the Atomic Energy Commission.

I suggested that a study be conducted of reactor safety which would render the answers to these and other questions to the American public. I also suggested that prompt consideration be given to the establishment of a separate independent agency to regulate the commercial atom so that there would no longer be a basis for the charges being made that the quality of regulation was being influenced by promotional considerations.

A new independent Nuclear Regulatory Commission came into being on January 19, 1975, under the aggressive leadership of its first Chairman, William A. Anders.

One of the very first actions of that new Commission required safety inspections which resulted in the shutdown of certain nuclear power plants because of the discovery of a hairline crack in some of the piping.

I publicly commended the Commission for its action. Frankness must always prevail on such issues and the facts developed so that the American people will have a clear understanding of what actually is involved from the standpoint of risks to them.

That and subsequent actions by the Nuclear Regulatory Commission have demonstrated to my satisfaction that this country has a strong agency which is carrying out its responsibilities to regulate the commercial atom.

I might add that the regulatory system established by the Congress in the Atomic Energy Act of 1954 provides for multiple reviews by qualified experts with opportunity for public participation before independent licensing boards.

The agency's decision is subject to judicial review. I am pleased to note that the quality of the regulatory decisions which have been reviewed by the courts has not been found by them to be lacking.

As far as I am aware, no other industry anywhere in the world has been the subject of more research, more scrutiny and regulation than has nuclear power technology. This, of course, is as it should be in view of its complexity and the awesome power which is involved.

Another striking point in my judgment is that the development and application of nuclear power is one of the first, if not the first, major example of considering in detail environmental and public health issues in advance of industrial application.

The regulatory system complies with both the letter and the spirit of the National Environmental Policy Act of 1969. The track record, in other words, has been good.

With the establishment of the Nuclear Regulatory Commission and the Energy Research and Development Administration, substantial additional emphasis has been placed on research and development to assure that the quality of the regulatory review and the safety of the technology are even further improved.

As long as this technology is used there will always be a continuing search for additional information so that the technology which has already been demonstrated to be safe can be further understood and improved.

As far as public acceptance is concerned, full and frank information to the public on the risks involved is the most essential ingredient for insuring the ability of a democratic government to deal with this technology.

I believe that the public can now have confidence that the commercial nuclear power program is being closely supervised and regulated with every reasonable assurance of safety.

Of course, no one can say that this or any other technology is completely without risk. We all knew this from the very beginning. Any new accomplishment which holds promise of substantial benefits also comes with some risks. The Congress insisted, however, from the outset that safety was of paramount importance. Without safety there is no question but that the economic benefits of the atom should not and can not be available for our people.

The regulatory system which the Congress has established for commercial nuclear power was tested recently with the allegations made by four individuals who formerly occupied positions of responsibility in and out of Government.

I promptly decided that a complete and exhaustive investigation should be made of the allegations and that a formal report should be made to the Congress and the American people upon the completion of that investigation.

Although I do not for a moment question the sincerity of these individuals, I can say now after listening to their testimony and that of officials of the Nuclear Regulatory Commission and the independent Advisory Committee on Reactor Safeguards that the established regulatory system can and does work.

If those allegations or any future information reveal that the system should be strengthened or changed, this I assure you will be done promptly.

The high quality of regulation needed for nuclear power as well as public confidence in the regulatory system is, of course, enhanced by responsible and constructive criticism of that system.

The Nuclear Regulatory Commission and the Joint Committee must always listen to such criticism and act promptly and responsibly to correct any deficiencies. All public officials should welcome this participation as a helpful contribution to the carrying out of their responsibilities under the law.

CONCLUSION

Nuclear energy must be made to be the salvation of free nations in helping to alleviate the hunger and the hopelessness of distressed people everywhere.

Many challenges have been successfully faced—domestically and internationally—in only a very short time.

There are still areas in which the Government, in cooperation with industry, must accomplish even more. This is needed, not to benefit utilities or to benefit industries, but needed in the public interest. The people of this Nation are the ultimate beneficiaries.

The discovery of this new technology occurred at a time when the world's deepest despair was with man's utter helplessness against the furies and hates of man for man. Out of that crucible the beneficial uses of the technology have come at a time to offer an abundant source of energy. The human race now has within its power the opportunity to determine whether this technology shall carry man on to greater achievements or whether it shall be a means of destruction.

These tremendous accomplishments did not just happen. There was a lot of hard, patient work by trained and dedicated people. I have every reason to believe that the challenges which we now face, both domestic and international, can be met by similar dedicated efforts by people of good will everywhere.

WEST GERMAN AND FRENCH NUCLEAR EXPORTS POSE A DIRECT THREAT TO WORLD PEACE

Mr. RIBICOFF. Mr. President, the time has come to sound an alarm that the nuclear export programs of West Germany and France pose a direct threat to world peace.

These are harsh words to be applied to two of our closest allies, but I am concerned that unless the danger is stated bluntly, a climate conducive to establishing a nuclear world order cannot be achieved in time to prevent a rapid, global spread of nuclear weapons.

By a "nuclear world order," I mean cooperative arrangements among the nuclear supplier nations, and between the suppliers group and recipient nations, that will promote the sale of reactors for generating electricity without promoting

the production and stockpiling of weapons-grade nuclear material in nations not now possessing atomic bombs.

It would seem, Mr. President, that achieving such an international system would be in everyone's interest—particularly in the interest of advanced industrial nations which have the most to lose in the event of nuclear warfare or nuclear terrorism. But recent diplomatic efforts by the United States to achieve this goal, in the wake of India's "peaceful" nuclear explosion in 1974, have been blocked by the Germans and the French.

Last year's meetings of the principal nuclear suppliers in London failed to produce an agreement on limiting "sensitive" nuclear exports because of German and French opposition. These exports involve facilities for producing plutonium and uranium in a form suitable for making atomic bombs as well as reactor fuel.

The United States, as a matter of policy, does not export these facilities—plutonium reprocessing and uranium enrichment plants. Instead, we export reactor fuel in a diluted form unsuitable for weaponsmaking. We also impose tight restrictions on the separation of plutonium from the spent fuel of the reactors we sell abroad. Plutonium, a waste product of reactors, is atom bomb material in its pure, separated form. Therefore, we have not permitted any of our customers to separate plutonium because of the obvious danger and because there is no economic need for recycled plutonium as reactor fuel at this time.

The Germans and the French, however, are offering to sell dangerous nuclear-fuel production facilities as an incentive for potential customers to buy their reactors instead of reactors sold by the United States. This is a form of cutthroat competition that must be stopped before the world is put in peril.

Earlier this year, the United States applied sufficient pressure on South Korea to cause a cancellation of a Korean order for a plutonium reprocessing plant from France. But France is proceeding with an agreement to sell a reprocessing plant to Pakistan over U.S. objections.

Last year, Germany pulled a multibillion-dollar reactor deal with Brazil away from the United States by offering, in addition to the reactors, a complete nuclear fuel cycle—that is, uranium enrichment and plutonium reprocessing plants. Germany ignored objections raised by Secretary of State Kissinger in a meeting in Washington last June with Foreign Minister Genscher. In fact, just 8 days after that meeting, German Chancellor Schmidt said at a press conference in Bonn that he had not heard "a word of criticism" from the United States. "Nobody protested against it in any way at any time," Chancellor Schmidt was quoted as saying.

One possible explanation of the German refusal to heed or even acknowledge our objections was that the German Government learned of a last-ditch effort by the Bechtel Corp., an American reactor construction firm, to sell Brazil an enrichment plant. This was learned at the time our diplomats in Bonn were saying that U.S. policy prohibits such sales. The Bechtel action was seen by the Germans as proof that the United States was using nonproliferation as a smokescreen for expanding American domination of the world reactor market.

Now, Mr. President, there are deeply disturbing reports that Germany, emboldened by its success in Brazil, is prepared to offer an equally dangerous deal to Iran. This time, however, there can be little confusion as to U.S. intentions. It is known that our diplomats have been strenuously trying to convince the Iranians not to insist on enrichment or reprocessing plants as part of the reactor deals they are now negotiating with us, as well as with Germany and France. At the very least, we are trying to persuade Iran not to build these fuel plants on a national basis, but rather to join in multinational nuclear fuel ventures. This diplomatic effort is being undermined by Germany, which seems as determined to inject nuclear weapons capability in the Middle East as it did in Latin America. Israel's reported nuclear weapons capability was made possible by the export of an unsafeguarded research reactor by France in the early 1960's.

Recent articles in the New York Times and in the West German news magazine Der Spiegel, give details of this latest German effort to promote their reactor sales by offering enrichment and reprocessing plants.

On April 17, the Times reported that German-Iranian talks will begin next month in Teheran. The article included the following indication that the Germans are subjecting themselves to few constraints:

> "There is nothing concrete yet," said Dr. Wolf J. Schmidt-Kuster of the Ministry of Research and Technology, "but no area of technology has been excluded from the discussions, including reprocessing." Earlier this year, West Germany and Iran reached tentative agreement on an outline for a nuclear cooperation agreement, but did not make it public.

The Der Spiegel article of March 15 explains why the German Government has been so secretive about its dealings with Iran:

> "The public was not to be informed for the time being", it says bluntly in a Cabinet bill on a cooperation agreement with Iran, which was approved by the [West German] Federal Government on January 14, 1976. The reason for this secretiveness: The text of the agreement and its provisions "do not preclude any and all criticism by world opinion."

The German magazine was critical of overall German nuclear export policy:

> The responsible politicians are concerned little, mostly not at all, about the fact that, along with the sale of complete nuclear plants, production techniques and raw materials for atom bombs are exported, and that nations with a highly dubious reputation are being served bomb technology on a silver platter.

Der Spiegel also reported that at a cabinet meeting last October it was decided that, in the words of Research Minister Matthofer, German atomic plants are to be delivered to any country on earth "if they can pay for it." But the article also noted that the Bundestag has not been informed of this policy:

> The Bundestag held a four-hour debate on nuclear energy on January 22, but didn't say a word about the export of the dangerous commodity. The Government is careful not to impart to the Deputies even a little awareness of the problems that are involved.

Mr. President, I ask unanimous consent that the New York Times article of April 17 and a translation of the Der Spiegel article of March 15, which was prepared at my request by the Library of Congress, be printed in the RECORD at the close of my remarks.

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

(See exhibit 1.)

Mr. RIBICOFF. These reports indicate, Mr. President, that West Germany is not of a mind to forego lucrative nuclear exports simply because they are dangerous. French efforts to sell reprocessing plants on the world market indicate that they are of the same persuasion as the Germans. The German and French position became clear at the nuclear suppliers conference when the United States explored the possibility of banning the export of enrichment and reprocessing plants to individual nations.

The best that could be achieved at the suppliers conference was an agreement to extend the safeguards of the International Atomic Energy Agency, IAEA, to any such exported facility, and to any facilities that a recipient country may build on its own utilizing the technology of the original exported plant. There is considerable export opinion, however, that these safeguards are inadequate, incomplete and subject to manipulation or outright abrogation by the recipient country. There is also the concern that these safeguards will be used to justify the widespread export of facilities that will, in turn, cause stockpiles of atom bomb material to crop up throughout the world.

Mr. President some simple nuclear arithmetic makes clear the magnitude of the danger. The average reactor exported today produces, in addition to a billion watts of electricity, about 500 pounds of plutonium a year. This is enough electricity to provide for a city of 1 million people. It is also enough plutonium to devastate several cities of that size. Ten pounds of plutonium, once separated from spent reactor fuel, is enough for one Nagasaki-scale bomb.

By 1990, reactors in the developing world alone will be generating 30,000 pounds of plutonium annually—the equivalent of 3,000 atomic bombs. By the end of the century, nuclear powerplants throughout the world will be generating enough plutonium to produce between 100,000 and 200,000 atomic bombs a year. If each nation has its own stockpile, even assuming that the stockpile is declared for peaceful purposes under IAEA safeguards, the normal events of history—revolution, terrorism, regional conflicts and mad dictators—will take on an added nuclear dimension. The danger should be clear for all to see.

Why, then, are Germany and France intent on exporting the facilities that will make these stockpiles possible?

Clearly, their need to export, so as not to lose billions of dollars and tens of

thousands of jobs to the United States in a high-technology area, is a key factor here.

But the key to the dangerous turn that international nuclear competition has taken can be found in several aspects of our own atoms for peace program. As the source of 70 percent of the civilian nuclear technology being used in the world today, the United States bears a heavy responsibility for its potential misuse for weapons purposes.

First, there is a terrible irony in the fact that the reactors now being sold by Germany and France in competition with our own reactors are based on designs that American companies, principally Westinghouse and General Electric, sold to German and French manufacturers. These exports of our reactor technology were approved by the old Atomic Energy Commission without requiring, as a condition of sale that the Germans and French not engage in their present practice of offering nuclear-fuel production facilities as an incentive to buy their reactors. The fact that French and German reactors are virtually identical to U.S. reactors—even to the extent that they will use fuel and parts made in the United States of America—serves to add insult to injury.

Second, the United States has not increased its uranium enrichment capacity to keep pace with the expanding world demand for reactor fuel, thereby injecting a note of uncertainty in continued fuel supplies. This shortsightedness on our part has had the effect of encouraging the development of independent enrichment and reprocessing capability in other countries and of helping to justify the sale of these plants by the Germans and the French.

Third, although the United States has been a principal supporter of the IAEA and of the Treaty for the Non-Proliferation of Nuclear Weapons, NPT, we continue to export our reactors and reactor fuel to nations that refuse to ratify the NPT, refuse to accept IAEA safeguards on all their nuclear activities, and refuse to pledge not to set off nuclear explosions. The low-enriched fuel we export is not suitable for weapons, but the spent fuel removed from the reactor contains large quantities of plutonium that can be separated into explosive material by means of reprocessing plants exported by Germany and France. As noted above, we must give permission for separation of plutonium from U.S.-supplied fuel, but we would find it difficult to deny permission for plutonium separation in a facility safeguarded by the IAEA—particularly one operated by a party to the NPT.

Fourth, although the United States has been the world's leading nuclear technology nation, we have not developed material accounting and physical security safeguards capable of reducing risks of diversion, theft and sabotage to acceptable levels. Nuclear material accounting is particularly primitive, and several experts consider it not difficult to divert small, but strategically significant, amounts of weapons-grade material under the measurement and bookkeeping systems presently used by the United States and the IAEA.

Several of the developing nations now seeking to establish nuclear programs, complete with their own fuel facilities, are suspected of having weapons intentions either because they have refused to ratify the Treaty for the Non-Proliferation of Nuclear Weapons—Argentina, Brazil, India, Pakistan, Egypt, and Israel—or because of national security considerations that could override their obligations under the NPT—South Korea, Iran, Libya, and Taiwan.

Mr. President, little time remains to correct the present dangerous situation. There is still time so long as most of the plutonium produced in civilian power reactors remains unseparated in spent fuel.

An international system must be devised that encourages the sale of reactors to meet legitimate energy needs without proliferating the capability to develop nuclear weapons. Although the United States does not have the leverage that it had in the recent past to bring about such a system, it still retains considerable influence and power to attain nonproliferation objectives.

What is lacking is a plan that will be both fair and effective. It must be fair to convince other nuclear suppliers that we are not using nonproliferation as a smokescreen to protect U.S. dominance of the world reactor market, and to convince the developing world that we are not engaging in a form of technological imperialism that denies them access to facilities and material that are freely available to the industrialized countries. It must be effective to reassure even the most skeptical and antagonistic nations that loopholes cannot be found to permit the spread of nuclear weapons capability through civilian nuclear exports.

Mr. President, I have proposed that when the suppliers meeting reconvenes in June, the United States offer to enter into a market-sharing arrangement with the other suppliers to guarantee each supplier a minimum number of reactor sales a year. This would eliminate the cutthroat competition that has led Germany and France to sell fuel facilities that will result in the widespread production and stockpiling of weapons-grade nuclear material. This arrangement would permit a combined multinational and bilateral approach among the suppliers to provide nuclear fuel services to recipient countries on a cheap, reliable, and nondiscriminatory basis. Such an arrangement can be designed with symmetry to keep the special privileges of the supplier countries to a minimum and to promote maximum involvement of the recipient countries.

Most important, is the question of access to weapons-grade material, particularly plutonium. If the recipient countries are to be denied access to separated plutonium, why should the supplier nations have access to it before it is commercially needed as a reactor fuel? Plutonium will not be required commercially until such time as the breeder reactor achieves commercial application—probably at least 10 to 20 years from now. The wisest course may be for the suppliers to agree not to reprocess plutonium until that time. Or, the supplier countries could reprocess plutonium from spent fuel and then immediately mix it with natural uranium for use as diluted reactor fuel that is unsuitable for weapons purposes.

Such even-handedness by the suppliers would go far toward reassuring the recipient nations without in any way crippling the present commercial nuclear program. The safest place for plutonium is in the highly radioactive and inaccessible spent fuel, and this should be shipped back to the original fuel supplier for safe storage under multinational control.

The United States should consider utilizing the soon-to-be-completed reprocessing plant at Barnwell, S.C., for these purposes under multinational management and IAEA safeguards.

Hopefully, Mr. President, there would be sufficient economic incentives to win the participation of the other suppliers, particularly France and Germany, in these cooperative arrangements. But the United States should be prepared to use whatever leverage is still available to insure their participation.

The implied threat to use such leverage must be credible. The only credible threat still available to the United States involves the cutoff of enriched uranium fuel to supplier nations that refuse to join in meeting basic nonproliferation objectives.

The two most troublesome nuclear suppliers, France and West Germany, are developing their own uranium enrichment capability, as noted above. However, these facilities will not be in full production until the early 1980's, and current data indicates that these facilities will produce only enough enriched uranium to fuel their own domestic reactors through 1990. It appears, therefore, that France and Germany will require outside sources of enriched uranium in order to engage in a reactor export program.

If the United States should cut off enriched uranium to France and Germany, the only alternative supplier would be the Soviet Union. The United States has not determined whether the Soviet Union would cooperate in an embargo of reactor fuel shipments to France and Germany in order to achieve nonproliferation objectives. Even if the Soviet Union would not cooperate in such an effort, it seems unlikely that France and Germany are prepared to rely solely on the Russians. Furthermore, the French and German Governments would have to explain to their own people why defiance of the United States on nonproliferation policy warrants reliance on the Soviet Union for a vital fuel.

A cut-off of nuclear fuel by the United States should be unnecessary once France and Germany are convinced that we are prepared to act in order to attain our nonproliferation objectives. If the threat is credible, it should not be necessary to carry it out.

An integrated worldwide nuclear market, as I have proposed, should make it possible to develop an effective system of sanctions against nations that choose

to operate their nuclear programs outside of the system. A broad consensus on sanctions should grow out of a strong mutual interest in developing cheap nuclear energy without the danger of weapons spread. Nations that insist on operating unsafeguarded reactors and fuel facilities, and on developing nuclear explosion programs, will be easily identified as having nuclear weapons intentions. Nuclear trade and general commercial embargoes can be imposed against these nations to isolate them from the world community.

Such embargoes, if applied universally to cover all technology items, would make it extremely difficult, if not impossible, to develop an indigenous nuclear program.

The strong consensus underlying an integrated market approach to controlling nuclear proliferation would also permit a more effective system of IAEA safeguards than is now possible for detecting diversions and weapons activities.

It is essential, Mr. President, that we win the cooperation of our allies, France and West Germany, if the atom is to be controlled for peaceful purposes. Without their cooperation, the prospect is for a world of nuclear anarchy, which in turn can only lead to widespread nuclear violence.

I am convinced that nuclear proliferation can be controlled, if we have the will and the wisdom to do so.

EXHIBIT 1

[From the New York Times, Apr. 18, 1976]

BONN'S ATOM OFFER TO IRAN STIRS A DEBATE ON SHARING

(By Craig R. Whitney)

BONN, April 16.—Early next month, a negotiating team of West German and Iranian atomic-energy specialists will meet in Teheran to discuss a question that is likely to be a point of conflict between the United States, its European allies, and the developing countries for decades.

The question is whether industrialized countries like West Germany should share with third-world countries like Iran the nuclear science and techniques that could be used for nuclear weapons.

The United States, has in effect a ban on "sensitive" exports. But the West Germans will discuss this area with Iran and actually made a comprehensive nuclear export agreement with Brazil last year.

Iran wants nuclear technology, not just one or two atomic reactors to generate electricity, but the whole range of equipment, scientific techniques and nuclear knowledge needed to realize Shah Mohammed Riza Pahlevi's plans to make his country a major modern industrial power.

The full technology includes "sensitive" processes for enriching uranium and reprocessing the fuel elements of a nuclear reactor, removing plutonium and other by-products of atomic reaction. This technology could be used to make atomic bombs.

Although Iran signed the nuclear nonproliferation treaty and is committed not to develop nuclear explosives, the Shah could not get "sensitive" nuclear technology from the United States. As a matter of policy, the Administration does not permit the export of equipment and techniques that could be used to make bombs, no matter what the buyer promises.

But the West Germans say they are willing to discuss any area of technology, placing their faith in tight controls and international supervision of the "sensitive" installations they export to the developing world.

Exports are the heart of the West German economy, and the Germans feel they simply cannot afford to be cut out of the high-technology export field. "They missed out on aerospace and computer technology," an American businessman here commented, "and they see nuclear technology as the big area of the future—they're just not willing to lose this one."

The French are engaged in an equally vigorous nuclear export drive, reportedly involving the sale of plutonium-reprocessing plants to such countries as South Korean and Pakistan. Under American pressure, South Korea decided not to go through with the deal, but the French are as eager as the West Germans not to lose a share of the nuclear technology market.

A HUGE STAKE

Billions of dollars and tens of thousands of jobs—even the economic future of Western Europe—are at stake, they feel.

And as an official of Kraftwerk Union, the seven-year-old West German manufacturer of nuclear power plants, explained, "Wherever we look—in Italy, Spain, Sweden, Thailand, South Korea—the Americans have already been there. The third world is the only open market left."

The United States will meet with six other nuclear-supplier countries in London in June, and Secretary of State Henry A. Kissinger said the central issue would be that of exporting reprocessing plants. The United States believes that they should be under multinational control; West German experts say this would be unrealistic in the case of countries like Iran that are in politically unstable regions.

What the West German negotiators will agree on in Teheran next month is unclear. It is certain, the West Germans say, that if any comprehensive nuclear agreement is reached with Iran it would be tightly controlled.

"There is nothing concrete yet," said Dr. Wolf-J. Schmidt-Küster of the Ministry of Research and Technology, "but no area of technology has been excluded from the discussions, including reprocessing." Earlier this year, West Germany and Iran reached tentative agreement on an outline for a nuclear-cooperation agreement, but did not make it public.

Sensitivity about the risk of an uncontrollable spread of nuclear weapons is running so high in the United States that Washington and Bonn nearly clashed openly last June when West Germany signed the world's first complete nuclear-technology export agreement, with Brazil.

The weekly news magazine Der Spiegel attacked the Government last month with a long article that said in part: "The responsible politicians seem to worry little, if at all, about the danger that states with a highly doubful reputation are being helped to effortless acquisition of nuclear-weapons technology."

But after the Brazilian experience, according to Government and industry officials interviewed for this article, the West Germans have become not only sensitive but also acutely defensive about the issue.

The issue is one that will not be dismissed by the controls, safeguards and international supervision that the West Germans tied into the agreement with Brazil and will tie into any other nuclear cooperation treaty, as Dr. Schmidt-Küster emphasized.

KISSINGER UNHAPPY

Despite the controls, to be carried out by the Vienna-based International Atomic Energy Agency, Secretary Kissinger was known to be unhappy about West Germany's agreement with Brazil. On Capitol Hill there were calls for the United States and the Soviet Union to agree to cut off France and West Germany from supplies of enriched uranium for their own nuclear-power plants unless they agree not to export to "untrustworthy" countries.

Since Brazil, the West Germans have been more circumspect. For example, after Egypt's President Anwar el-Sadat, ended his visit here April 1 he toured the 1,200-megawatt nuclear-power plant at Biblis. Both Iran and Brazil have already each ordered two like it.

Mr. Sadat was given a gold-plated hard hat as a souvenir, but he took little else away from the visit. Even though the Biblis pressurized-water reactors contain little militarily useful technology, the West German Government had assured Washington in advance that Bonn did not plan to sell any nuclear reactors to Egypt until the United States did.

According to the experts, however, reactors are not the main problem—the "sensitive technology" used in enriching the uranium fuel and recovering plutonium and uranium-235 from spent fuel cells poses the danger. Plutonium has no present practical use, American experts say, except in bombs.

But American efforts within the group of nuclear-supplier nations have failed so far to get the Germans and the French to agree not to export enrichment and reprocessing devices.

There is an enormous amount of suspicion here that behind the U.S. drive for tighter controls is a desire to corner the vast world nuclear-technology market for American companies like Westinghouse and General Electric.

Joachim Hospe, an official of Kraftwerk Union, said in Frankfurt: "To fully exploit our nuclear power plant capacity, we have to land at least three contracts a year for delivery abroad. The market here is about saturated and the United States has cornered most of the rest of Europe, so we have to concentrate on the third world."

Operating within the framework of the nuclear-cooperation agreements West Germany has with Brazil, Canada, Rumania, Pakistan, India, Iran and Chile (the last one dormant since the military coup there) Kraftwerk Union now has 27 power-plant orders on its books. It is big business: the average price for a 1,200-megawatt nuclear plant is about $600 million.

Kraftwerk Union also bid to build two nuclear plants in South Africa, where it is in competition with both American and French concerns. But according to some West German officials Chancellor Helmut Schmidt may veto any deal with South Africa because the white minority Government there is politically offensive to many members of his Social Democratic Party.

Another proposal, a three-year-old plan to build a nuclear-power plant at Kaliningrad for the Soviet Union, fell through last month after the Russians refused to let the electric-transmission lines run through East Germany to supply West Berlin.

"It's too bad," Mr. Hospe said, "Russia could have been a market. You see that the developing countries are now really all we have."

The controversial treaty with Brazil was signed here last June 27, and Karl-Heinz Scholtyssek, an official of the Foreign Ministry, described it in an interview as "a model."

The agreement provides for exploration for uranium ore in Brazil to supply West Germany's needs, now met largely by supplies from the United States and the Soviet Union.

In return, the West Germans will give Brazil access to the separation-nozzle uranium-enrichment process developed here, and build a pilot reprocessing plant in Brazil. The installation is capable of separating and extracting weapons-grade plutonium from used

reactor fuel elements—a "complete nuclear fuel cycle," in other words.

"The Brazilians want to buy as many as eight large pressurized-water power-plant reactors from us," Mr. Schmidt Küster said, "and if they have that many, by 1990, they will need their own facilities for enriching and reprocessing the fuel. Otherwise they'd have to be transporting this dangerous material thousands of miles across the ocean, to Germany, and there are objections all the time to doing that sort of thing here."

Mr. Scholtyssek pointed out that the Brazilians pledged in the treaty not to use either the equipment or the technology they get from West Germany for any kind of nuclear explosive device even a "peaceful" one. And, he pointed out, an integral part of the agreement was that Brazil had to submit to supervision and control by the International Atomic Energy Agency. The agency and the Governments of Brazil and West Germany signed a treaty insuring these controls on Feb. 26.

"The technology, in addition to the equipment, is explicitly included in the controls," Mr. Scholtyssek said, "and the trilateral agreement cannot be unilaterally abrogated. It lasts as long as the equipment does." Critics like Der Spiegel assert that equipment the Brazilians develop later with German technology can not be controlled, an assertion Mr. Scholtyssek denies.

The American Government's attitude is that avoiding the export of sensitive technology like reprocessing and enrichment is better than controls, as Mr. Kissinger said in a Senate hearing on March 9.

[From the Library of Congress, Congressional Research Service, Washington, D.C., Source: Der Spiegel, Mar. 15, 1976]

BOOMING BUSINESS OR BUSINESS WITH THE BOMB

Up to now, Bonn has put over DM 17 billion into nuclear research. The investment has paid off: nuclear reactors are rated among the export hits of West German industry. Yet the explosive trade has brought the Federal Republic under suspicion of aiding and abetting certain developing countries in making atom bombs.

The tables seemed to have been turned: Hardly had the peripatetic Economics Minister Hans Friderichs landed in Teheran, where he wanted to discuss oil and gas supply to Germany, that the Shah conveyed his wishes to the gentleman from Bonn: Nuclear power plants "made in Germany" for Iran.

Not much later—last fall—the same thing happened in the desert emirate of Kuwait: The rulers over oil and sand would like nothing better than to order immediately a "Biblis"-type nuclear reactor. But Friederichs had to disappoint them: The German 1,200 MW atomic pile, the most efficient in the world, is much too big for the small country on the Persian Gulf (population: 880,000).

The pressure water reactor Biblis, which has from the small town in Hessen since the spring of 1975 been supplying power to industrial plants and about two million inhabitants, is well on the way to becoming the export hit of German industry.

The top sales representatives of the manufacturer, Kraftwerk Union (KWU), Klaus Barthelt and Hans Hirschmann, live out of their suitcases: They jet from Iran to South Africa, from the Soviet Union to Brazil, from Japan to the People's Republic of China. Berthelt: "I have to negotiate even on Saturdays".

Kraftwerk Union, the subsidiary of the two electrical groups Siemens and AEG, can deliver per year six nuclear power plants ready for operation and has, with DM 28 billion, the fattest wad of orders of all German industrial enterprises. Its shares, so far still completely in German hands, are in demand worldwide, ranging from the French mixed group Saint-Gobain-Pont-à-Mousson to the Shah of Iran. With the nuclear agreement between the Federal Republic of Germany and Brazil, the KWU bagged the biggest deal in German foreign trade history: It will deliver eight reactors and will help with the building of nuclear plants valued at DM 12 billion.

Our domestic atomic technology, as the "Deutsche Atomforum", an organization of the Atomic Lobby, exclaims, has opened up a "new dimension"; Economics Minister Hans Friderichs: the reactor builders have managed to "break through into the world market": Research Minister Hans Matthöfer: they even "made the future safe".

A booming business? Or perhaps doing business with the bomb?

The atomic technology for peaceful purposes is 95% identical with the atom bomb manufacturing process. According to a study of the renowned Massachusetts Institute of Technology, it is possible to make one bomb per week from the waste alone of the reactors that are to be put into service in the next two decades.

On May 18, 1974, India showed the last doubter the trend: On that day the land of famines and flood disasters detonated its first atomic bomb—made of plutonium that had been obtained by operating an ordinary atomic power plant.

Since that time international demand for Candu-type reactors, which the Canadians had sold to India, has been rising by leaps and bounds; Argentina, Pakistan, and South Korea have ordered this reactor. And the intelligence services and the military have been expecting ever since the next atomic blast in one of those countries that are generally considered underdeveloped and that want to sneak into the big league through a prestige-detonation: will it be Argentina, Pakistan, Korea, Iran; will it be Israel or Brazil?

The gentlemen in Bonn don't seem to care. The responsible politicians are concerned little, mostly not at all, about the fact that, along with the sale of complete nuclear plants, production techniques and raw materials for atom bombs are exported, and that nations with a highly dubious reputation are being served bomb technology on a silver platter.

By acquiring forward-looking nuclear know-how from West Germany, the apartheid-Republic of South Africa is being given new survival chances. The Brazilian military régime is securing its leading position in South America thanks to German atomic aid. It is possible that German technology may help the Shah, with his great-power illusions, to rise from the political doldrums to atomic superman stature.

The West German Government, grateful in a period of worldwide recession for any large foreign order garnered by its industry, hesitates to limit the freedom of action of businessmen by imposing restraints on them. What applies to weapons—self-restraint in exports as per Cabinet decision—doesn't apply to atomic facilities; this is the inviolable preserve of private enterprise, and even Parliament is bypassed.

The gentlemen in Bonn are content with the Nonproliferation Treaty, which places the export of nuclear technology under international control. Yet a number of countries didn't sign the Nonproliferation Treaty—they include South Africa and Brazil, as well as most of the other potential bomb makers, called "Schwellenmächte" [threshold powers] in German diplomatic lingo. An additional alibi for the fact that the West German Government is giving its atom industry completely free rein in international transactions is offered only privately. Foreign Minister Hans-Dietrich Genscher: "Any country that wants the bomb can make it. For that it doesn't need our help."

It's correct, however: With reactors alone, without a complete grasp of nuclear technology, one can't make a bomb.

That is why all experts are agreed that any improper use of the fuel delivered for peaceful purposes can only be prevented by effective controls. But the West Germans aren't too fussy about this very point.

The ones getting all worked up about this most are the Americans: "If Bonn brings down this nightmare on the world, it will jeopardize three decades of effort to win the respect of its neighbors and allies", the distinguished New York Times raged upon the closing of the KWU transaction with Brazil last year and called the deal sheer "atomic madness". U.S. Senator JOHN PASTORE invoked the Atlantic Pact because the Germans "make trouble in our backyard".

Washington's irate reaction was unquestionably due not merely to concern about world peace. The Americans were mad about their enterprises, which had for years dominated the atomic world market, having missed out on the super-deal. It just seems plenty irresponsible to dismiss this American criticism exclusively as an ingenious conspiracy of the eliminated U.S. competitors General Electric and Westinghouse, as Foreign Minister Genscher ("Westinghouse is a subcommittee of the U.S. Congress") and Research Minister Matthöfer ("professional jealousy") did.

The order from Brazil was for Westinghouse, which is already building nuclear reactors in that Latin American nation anyhow, a practically sure thing, you know. The U.S. group had to pass only when the Brazilians demanded more than reactors—plants for enriching uranium and for reprocessing nuclear fuels.

For the export of plants for manufacturing such sensitive material is prohibited by U.S. legislation—and with reason: Any country having an enrichment plant can produce as much charge material for making atom bombs as it likes. And any country having a reprocessing plant has access to the bomb base, plutonium.

While in the past the Americans were only too glad to export reactors and all necessary, even enriched fuels, strict clauses in the delivery contracts forced the receiving countries to ship the use-up fuel rods back to the USA for processing and checking. Nobody was to be able to tap reactor-produced plutonium or highly enriched uranium for other purposes.

The Germans, with their Brazil package deal providing for delivery of a complete reprocessing plant, were the first to have broken through the nuclear supply monopoly of the Americans. And in the future, as decided at a Cabinet meeting called by Helmut Schmidt in the chancellery last October, German atomic plants are to be delivered to any country on earth, "if they can pay for it" (Matthöfer).

The first to benefit by the Cabinet order will be South Africa, which has invited bids for two reactor units for a power plant in Koeberg. "We cannot", FDP economics spokesman Count Otto Lambsdorff concluded, "mean to deliver to the Soviet Union a reactor for Königsberg, but not one for Koeberg just because we don't like the government there." Except: The Soviets already have the bomb, the South Africans still want to make it.

The atomic laissez-faire of the gentlemen in Bonn doesn't only aim at promoting the sales of West German plants. Through a generous supply policy, the West German Government hopes for better access to the atomic raw material, uranium, which is in fact as short in supply worldwide as any other energy carrier.

There isn't enough uranium as yet to supply the 5–14 reactors planned in the world by 1990. The presently known world reserves

will last until 1988. An exploration of the still uneconomical occurrences would pay only if the present uranium price of DM 104.00 per kg. were to rise to at least DM 160.00.

Because some uranium producers, such as the USA and Australia, are already quotating their deliveries and because, on the other hand, with the increase in reactor numbers the demand for the rare element is increasing by leaps and bounds, Bonn and Brasilia have agreed upon a seemingly reasonable commercial clause in a secret supplementary agreement: The Brazilians will receive their enrichment plant, but will, in exchange, supply the Germans with the desired raw material under precisely stipulated contract terms.

The catch: The Brazilian uranium will still have to be found. Heinz Schulte, chief of the Essen energy producer Steag, which will deliver the enrichment plant: "Geologically there is many a reason to believe that they have uranium". According to past experience, however, eight years will go by between acceptance and mining. Until then the check of the Brazilians will remain uncovered.

In order to help the South American customer with the strange "goods-on-presumption-of raw-material" transaction, throngs of prospectors of the Frankfurt "Urangesellschaft" are exploring the jungles of the Amazon [river] basin. German experts are prospecting also in Canada, Niger, Togo, and Mali; they even made a strike once in Namibia, formerly German Southwest Africa.

For their search the prospecting companies—in addition to the "Urangesellschaft" also the Bonn "Uranerzbergbau"—receive subsidies to the tune of 80% from the [West German] Federal Treasury, subvention that brings the two private firms close to the risk-free public enterprises. And the government even generously covers the risk balance.

The [West German] Federal Government only benefits by private prospecting, by venturesome business ties: It keeps its cover. The businessmen prepare the deal privately, present the government, as in the case of Brazil, with agreements virtually ready for signature, and then Bonn has to give its O.K. in the interest of full employment and of a flourishing industry.

"They exert pressure, and we don't mind being pressured", as Friderichs' confident Dieter Vogel describes the leeway available to the authorities.

The president of the Bundesverband der Deutschen Industrie, Hans-Günther Sohl, goes even further. "All efforts to improve trade should, in the last analysis, be welcomed also in the interest of [foreign] policy. Misunderstandings must be put up with."

But how far should misunderstandings be allowed to go? Should pressure for trade expansion be allowed to cramp the politicians' freedom of action to such an extent that in the end industry will lay down the guidelines of German foreign policy?

The politicians are conducting themselves thus far entirely as desired—especially after the blow dealt them by the oil embargo and the economic crisis. Because the greatest good of the nation, prosperity, is at stake, the authorities seem to feel that in the case of ticklish business activities the best thing to do is "not to make any deliberate top-level decision, but to let industry and a few secretaries of state have their way" (SPD Bundestag member Harold Schäfer). If some project turns out badly, the alibi is obvious: Neither the government leadership, the administration nor the coalition knew anything about it.

Not even the parliamentary committee charged with giving consideration to matters of this kind was afforded an examination of the agreement with Brazil and of the insufficient controls built into this arrangement. The Bundestag was bypassed also in the decision to construct, jointly with Great Britain and the Netherlands, a centrifugal uranium enrichment plant costing at least DM 600 million.

The committee members found out in the newspapers that the government-owned "Gesellschaft für Kernforschung" (GfK) of Karlsruhe has an atomic cooperation arrangement with South Africa; and they found out purely by chance that the Soviet Union, which is enriching natural uranium for German reactors under the collective pay agreements system, secured a federally guaranteed escalator clause, possibly obligating public funds: Even the [West German] Federal Budget makes no mention of it, though this would be required.

"The public was not to be informed for the time being", it says bluntly in a Cabinet bill on a cooperation agreement with Iran, which was approved by the [West German] Federal Government on January 14, 1976. The reason for this secretiveness: The text of the agreement and its provisions "do not preclude any and all criticism by world opinion".

Yet, clever civil servants know how to circumvent not only Parliament and the public, but sometimes even the responsible Minister himself. Thus, Matthöfer ordered, immediately after taking office in May 1974, a stop to the DM 500 million government subsidies to the research institute in Karlsruhe for the extremely costly enrichment process based on the separation nozzle principle (SPIEGEL No. 26, 1975). Fifteen months later Matthöfer had to find out that the federal aid had, at the recommendation of his Secretary of State Hans-Hilger Haunschild, continued flowing. This very process, however, is being applied in South Africa and is to be used in Brazil.

Overlapping responsibilities in the Bonn seat of government further obscure the transactions: For granting export permits for nuclear power plants the Ministry of Economics is responsible; arrangement concerning possible controls are watched over by the Foreign Office; the Ministry of the Interior examines questions of safety in transport and operation; the Research Ministery, finally, coordinates the exchange of scientists, initiates contacts, and organizes, jointly with the governments of other nations, mixed commissions in which the big deals are hatched.

SPD Bundestag member Harald Schäfer got a taste of this tangled mass of responsibilities when he asked his fellow party member Hans-Jügen Kischnewski, secretary of state in the Foreign Office, for an answer to a specific question. He referred him, for responsibility's sake, to party member Volker Hauff, secretary of state in the Research Ministry. But Hauff, too, played possum: He suggested in his written answer to Schäfer that he had best submit his problem to Wischnewski: That's where the Deputy gave up.

Considering such a hodge-podge of governmental coordination, it's small wonder that the application of funds in the government-owned Jülich and Karlsruhe nuclear research institutes occasonally gets the better of efficiency. Besides the DM 600 million laid out by Bonn via Jülich for the construction of an enrichment plant based on the centrifugal separator principle, Karlsruhe got DM 50 million for continuing to fiddle with the competing separation nozzle principle, which has already proved uneconomical.

Just under one-third of the governmental research funds is channeled into atomic science each year—no wonder atomic technologists from all over the world travel to the German atomic workshops to participate, uncontrolled, in the gravy and know-how.

Meanwhile, the German atomic know-how is considered a prime mover of business transactions. Bonn has made agreement on technological cooperation in the nuclear area with 32, mostly underdeveloped, nations. In the last five years alone, 50 scientists from South Africa perfected their skills in German labs. Last week Minister Mathöfer went to Peking to negotiate with the People's Republic of China the 33d agreement.

The 17 billions thus far laid out by the gentlemen in Bonn for atomic research are, of course, to yield profit. This gets the government obviously "into a corner from which escape is no longer possible for us" (SPD Bundestag member and atomic technologist Frank Haenschke)—after the motto. The government aids research, the result of this effort must be sold, must be expressed in terms of investments and jobs. Where and at what political price then becomes secondary.

Tacitly covered by Bonn the managers of the inscrutably interlocked German atomic industry (see graphic representation at the end) can engineer their super-deals—without any political risk, subsidized by governmental research millions. And most of the time everything remains nicely within the scope of legality; for the laws afford plenty of leeway, as demonstrated by the business transactions with South Africa and Brazil.

On August 15, 1973, Steag, of Essen, a subsidiary of the almost 50% federally owned Ruhrkohle AG, which had acquired the separation-nozzle enrichment process, invented by the Karlsruhe research institute, for commercialization, concluded an agreement with the Atomic Energy Board of South Africa. Contents of the arrangement: The apartheid régime secures a sublicense to use the German know-how and pays for it with enriched uranium. The fuel is to be produced in the plant previously constructed by South Africa with German participation.

The Economics Ministry had no legal objections to the agreement: According to the Foreign Trade Act, the export of blueprints and construction data is not subject to license. Only the transport of material requires the approval of Bonn. The German Atomic Act reads similarly: Only the export of nuclear fuels has to be licensed, but not the export of technological know-how.

The Nonproliferation Treaty, of course, ratified also by Bonn, does prohibit the passing on of nuclear know-how to nations not submitting to the controls of the Vienna Atomic Energy Agency (IAEA).

When Steag in 1973 had dealings with South Africa, the treaty, though signed by Bonn, had not yet been put into effect. Therefore, the political authorities wouldn't have had any grounds anyhow for taking action against Steag. When the Nonproliferation Treaty finally—on May 2, 1975—entered into effect, it was too late. A few days before, Pretoria's atomic researchers Abraham Roux and Walter Grant had announced the development of a "process of their own", which they now wanted to translate into action "with international participation". The blueprints from Essen and Karlsruhe had done their bit.

Now, however, things aren't quite as legal any more. For Steag has secured by agreement a 20% quota of the uranium enriched in South Africa. This clause violates the Nonproliferation Treaty so long as no international controls of the Pretoria plant are agreed upon. And this is what South Africa is balking at and probably with reason.

The contract between German and Brazilian company and government representatives, under which both sides had come to terms about the biggest atomic transaction of all time, is likewise incompatible with the Nonproliferation Treaty so long as no valid controls are put into effect.

Playing it cozy, the governments are doing a publicity job that conceals more than it reveals: The Latin American nation, though opponent to the Nonproliferation Treaty, has agreed to even "stricter controls" of German atomic deliveries than had been provided by this treaty—thus the official Bonn phraseology as announced by Hans-Dietrich Genscher.

Genscher's Brazilian interlocutor Azeredo [?] da Silveira confirmed that his country had finally even signed the Treaty of Tlatelolco, which provides for a non-nuclear zone in Central and South America. Signed, yes; but never ratified.

And the "stricter controls" which Bonn carried through—they merely affect the exports of German firms. Not controlled, however, are any plants that Brazil will construct in the next few years without using German materials, but after German construction data, although inspection is provided for under the Nonproliferation Treaty. State Secretary Volker Hauff, unconcerned: "The German cooperation with Brazil is a model for cooperation with other countries."

When Genscher ("I don't bother about controls, I leave that to the experts") did notice, after all, the flaw in the Treaty, it was too late. His request submitted in Brasilia in mid-November of last year, to the effect that the hosts should allow the Vienna Agency to inspect all atomic plants in their country, was rejected by the opposite numbers.

A tripartite agreement between Brazilians, Germans, and Vienna Atomic Agency, signed on February 27 of this year, permits the nuclear controllers only to inspect the German deliveries to Brazil. The Brazilian emulations continue to be kept out.

The West Germans of all people, who exercise exemplary restraint in arms exports, can then pride themselves on having set new landmarks in international business ethics.

No doubt: The West German industry must become intermixed with the promising atomic business if it wants to keep its technological standing in the export markets. Yet: Do the West Germans have to apply laxer standards to specifications and controls than the USA for instance?

It may be that the global proliferation of technology needed for tinkering with homemade bombs can no longer be checked and that, in the wicked competition, involving billions, for the atomic clientèle, the restraining threshold necessarily slides lower and lower. Yet: Does the Federal Republic have to play the outrider?

National restraint seems all the more necessary as international control is, in spite of the Nonproliferation Treaty, extremely inadequate. The Vienna International Atomic Energy Agency, whose 87 examiners are meantime spot-checking the fuel lists of 117 reactors, shares the fate of other world organizations: It has no executive authority, let alone executory powers. It can "determine ex post facto that somewhere fissionable material has been diverted, but it can't, however, take steps against it" (SPD Bundestag member Haenschke).

And Werner Ungerer, ex-leader of the German delegation to the Vienna Agency, had to find out: "It's unlikely that an optimal control system, to which all nuclear material and all countries would be subject, could ever become a reality".

The world's seven leading atomic nations (USA, Great Britain, France, Soviet Union, Canada, Japan, and the Federal Republic of Germany) that have merged into the Nuclear Suppliers Group and have been meeting since 1965 in strict secrecy at Grosvenor Square, London W1, passed a moral code "on export behavior in the area of peaceful use of nuclear energy". The fourth of the total of 10 rules: Exceptions from control "will be granted", it says simply and vaguely, "following consultation of the Suppliers partners". If an importer doesn't wish an inspection, the exporter merely needs to give advance notification thereof—that's all.

The Bonn Foreign Office thereupon took delight in a memo to the files, intended for the Cabinet, stating that the London document "marked out the minimum range of measures to be agreed upon in the case of deliveries of nuclear technology and material". And, as the official summed up, obviously relieved: The "relatively high American (safety) demands failed to prevail".

With the passage of their code, which lays down similar competitive terms at a minimum safety level, the world suppliers wiped off the table a proposal submitted by U.S. Secretary of State Henry Kissinger who wanted to establish multinational "regional centers" for enrichment and reprocessing. Kissinger's aim: Improved control, prevention of plutonium thefts, exclusively peaceful use of the material.

The Americans, up to now decried by members of the West German Government as ruthless atomic exporters, are drawing their conclusions from their defeat in London. A committee of the U.S. Congress, which in recent years has transferred more and more power from the Executive to the Capitol, is planning drastic legislation to make the export of atomic material from the U.S. more difficult for us or to cut it off entirely until new international controls have staved off the dangers of nuclear disasters throughout the world.

In Bonn, however, Parliament and Government played possum. The Bundestag held a four-hour debate on nuclear energy on January 22, but didn't say a word about the export of the dangerous commodity. The Government is careful not to impart to the Deputies even a little awareness of the problems that are involved.

Thus, the proposal formulated by senior atom-diplomat Werner Ungerer remained unnoticed. "Nations that are unwilling to submit their total nuclear energy activities to international safeguards should be excluded on principle from the opportunity to secure their know-how for building up a fuel cycling system of their own (from other countries)".

These demands that hurt business might well be shelved by the government—further warnings by Ungerer against the Brazil deal and other transactions are not to be expected: The atomic expert was transferred from Vienna to the Consulate General in New York.

J. HOMER REMSBERG

Mr. MATHIAS. Mr. President, on April 13, we lost a distinguished author, community leader, and Maryland farmer, my good friend J. Homer Remsberg.

Mr. Remsberg was the first native of Frederick County to attend the University of Maryland School of Agriculture. After he was graduated, he served the country as a naval flight instructor in World War I, then came home to Middletown to commence a luminous career in agriculture.

He was a breeder of the famous Holstein-Friesian cattle, many of which he exported to Turkey and South America. He wrote a book on Holstein cattle that has become a standard reference. He farmed land that his family had tilled since 1790.

On April 15, the Frederick Post devoted an editorial to Mr. Remsberg, and I ask unanimous consent that it be printed in the RECORD.

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

[From the Frederick (Md.) Post, Apr. 15, 1976]

J. HOMER REMSBERG

One of Maryland's best known and respected agricultural leaders, J. Homer Remsberg passed away Tuesday at Frederick Memorial Hospital.

Mr. Remsberg was born on February 15, 1897 to the late Albert S. and Clara R. Remsberg, and for most of his 79 years he led a very busy and constructive life. He was a scholar, a Navy Pilot, a Naval Flight Instructor, a highly successful farmer, an author, an organizer of dairy and farm groups and associations, a breeder and developer of the highly productive Holstein-Friesian cattle, a major leader in the Farm Credit System, having spent three years as chairman and a total of nine years on the board of directors of the Farm Credit Banks of Baltimore. This District is composed of the States of Pennsylvania, Maryland, Delaware, Virginia, West Virginia, Washington, D.C. and Puerto Rico.

With what little spare time he must have had, he served as an Elder in the Evangelical and Reformed Church (United Church of Christ) in his hometown of Middletown, and served as choir director for 35 years and served as director of music in the Sunday School.

Mr. Remsberg was the first boy from Frederick County to attend the University of Maryland's School of Agriculture where he graduated with a B.S. Degree in Dairy Husbandry. From 1930 to 1945 he was an instructor in vocational agriculture at Middletown High School.

His list of past presidency and past chairman posts of various organizations is great. His great friendship with the late Dr. Harry "Curly" C. Byrd, past president of the University of Maryland, kept him very active in the Alumni Association of the College of Agriculture where he served as one of its presidents as well as having served as past president of the distinguished University of Maryland Terrapin Club.

Mr. Remsberg was the father of four children by his first wife, the late Abby McCardell Remsberg. They are Mrs. Daniel H. (Carol) Bare; Mrs. Robert E. (Joyce) Shank; J. Homer (Jack) Remsberg Jr.; and Adrian M. (Mac) Remsberg. He also leaves behind his wife Mrs. Sarah Leiter Remsberg whom he married after the death of his former wife.

In 1962 a family corporation was formed and the farming operations on the two farms—one of which was the old family farm which Homer bought in 1926 and became the fifth straight generation of the family to operate this farm which was first established in 1790. Both his sons, Jack and Mac, graduated from the University of Maryland and have followed in their father's footsteps as successful operators of large acres of farmland.

His work with and for such organizations as the Frederick County Holstein-Friesian Association; Maryland State Holstein Association; Purebred Dairy Cattle Association of America; Atlantic Dairy Association; North Eastern Dairy Conference; Dairy Council of Greater Metropolitan Washington, D.C. and the Maryland and Virginia Milk Producers Association; the National Milk Producers Federation as well as the National Dairy Council of Chicago, Ill. have brought him many credits awards and personal friends.

Mr. Remsberg's work in breeding and developing Holstein cattle in his herd for export to many South American Countries, Mexico and Turkey and his many trips to these far away places, made him truly an ambassador of Good Will. These, along with his other efforts, had as an objective a more profitable and happier living for farm families everywhere.

In 1965 Mr. Remsberg published a 232-page illustrated book titled "History and Development of Holstein Cattle in Frederick County, Md. 1922–1965" which has become an agricultural reference book everywhere and in 1972 he authored a twenty-five year "History of the Terrapin Club."

Two or three years ago, Mr. Homer Remsberg had a sale and disposed of all his own cattle and farm equipment. It was a sad

day for those who knew him and had watched him plowing, seeding, harvesting over many, many years. But, indeed, he had done his share and has given to the agricultural interests of most of the world much knowledge and sound advice.

He has helped make Frederick County—and particularly its Middletown Valley and the hundreds of herds of Holstein cattle—famous not only in the State but in many parts of the world into which his avocation and interests brought him. May he rest in peace!

WHO CONTROLS AGRICULTURE?

Mr. McGOVERN. Mr. President, efforts to answer the question in the above headline started making the rounds of both Washington and the farm community last year when the administration embargoed grain shipments to both the Soviets and to Poland, because several labor leaders refused to load the ships. The National Association of Wheat Growers is attempting to find out the answer by raising a million dollars to finance a searching lawsuit against the Government claiming that the embargoes cost American farmers as much as $12 billion. Whenever I go home to South Dakota, my farmer constituents literally bombard me with questions about who in the Government is juggling the product that the President and the Secretary of Agriculture implored them to raise in great abundance.

So that the administration can be under no delusion about the sentiment on these issues in the farm community I ask unanimous consent that the letter to the editor of the Dakota Farmer from Elmer E. Lemke of Bentley, N. Dak., entitled "Who Controls Agriculture?" be printed in the RECORD.

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

[From the Dakota Farmer, April 1976]

WHO CONTROLS AGRICULTURE?

Do you know who dictates United States food policy? Do you know who makes the decisions for the United States Department of Agriculture? Do you know who is really the spokesman for the United States Department of Agriculture?

An edition of Newsweek magazine noted "Not until Henry Kissinger discovered that food aid could be an important foreign policy tool was a powerful voice raised in favor of more food for peace." Is this what farmers want to do? Do you want to have prices below the cost of production and the depletion of our precious farm land in order to supply the State Department with another weapon for its negotiating arsenal?

Farmers hold the key to fair prices for farm products. In 1974 when President Ford put export controls on wheat and prices fell more than $1 a bushel, I was determined to let him know that farmers were angry and determined to take a stand against the State Department if they were given the opportunity. That is when I prepared a document that would petition the government that unless export controls are removed immediately, and all farm products prices were restored to not less than guaranteed 100 percent parity, farmers signing these petitions would cut their production. These petitions were used in North Dakota, South Dakota, Minnesota and in many other grain producing states as well. They proved to be an overwhelming success. The following item in the Bismarck Tribune in March 1975 reads as follows:

THREATENED GRAIN CUTBACKS CAUSE INTERNATIONAL STIR

Jamestown (AP). E. W. Smith, president of the North Dakota Farmers Union, said Friday the world grain market is "becoming nervous about the movement among American farmers to cut back in their production and marketing of corn, wheat and soybeans this year."

Smith said the farm group has received a report from a Farmers Union representative in London which pointed out that a successful cutback in United States grain crops could reverse the present slump in prices.

Smith said the National Farmers Union secretary, Robert G. Lewis, was in London to confer with farm leaders from 12 European countries and to explore world farm commodity market conditions.

Smith related that the Lewis report said, "World grain stocks are the smallest since more than 20 years ago when world population was little more than half that of today. In this situation, the sharp plunge of grain prices during the recent months is surprising. Market watchers remember that a similar price slump last year was turned around suddenly and dramatically when bad weather in the United States reversed the much advertised prospect of a huge crop. Now news of the production cutback movements among American grain farmers has added a new element of uncertainty to the grain buyer's eternal worry about the weather."

It appears that the petitions for production cutback forced the hand of the State Department.

It appears when Henry Kissinger became aware of the fact that the drive to have farmers cut their production was indeed more than he expected, he went to the president and urged him to do something.

In the spring of 1975, President Ford gave the farmers his promise not to put export controls on again, and encouraged them to go for all out production.

I am sure these words are still ringing very clearly in every farmer's ears. Almost before the last drills were out of the fields, President Ford again put on export controls. This was the second time in only a few short months the State Department gave farmers the axe.

Farmers, do you want fair prices for farm products? It will not make any difference what your farm organizations, senators or representatives say or do, they will still be unable to get fair prices for farm products. Only farmers, with their land and production, have the power to demand and enforce fair prices for farm products.

What must farmers do? How will farmers get a fair price for their products? First we must try to get a contract guaranteeing us cost of production plus a reasonable profit. For this we must have something to use as leverage. This we do have with contract petitions which we have prepared. Farmers would sign these contract petitions and send them to their senators or representatives. These contract petitions would give your senator or representative a powerful tool to take before the urban congressmen and President and say, "Look here, these are my farmers, I know them, I know what they will do, either you guarantee them a fair price for their production (100 percent parity) or they will go on strike."

Farmers, when you arm your senators and representatives with these contract petitions, and let them know that you are determined to enforce them, they can go before the urban congressmen and also Butz, Kissinger and Ford, and knock them right out of their plush padded seats.

We must get these contract petitions to the farmers so they can get them to their congressmen as soon as possible because we have only a short time before spring work begins.

If we do not get a contract guaranteeing cost of production plus a reasonable profit by a set date, then we strike.

Farmers, are you ready to take a stand and say to the State Department "STOP! This is it, I have had it with you, no more. Either I get a contract guaranteeing a fair price for my production or I won't produce."

Farmers, if you are ready, let me know, I would like the opportunity to explain these contract petitions to you.

ELMER E. LEMKE,
Bentley, N. Dak.

A MUSICAL BICENTENNIAL TRIBUTE

Mr. RIBICOFF. Mr. President, throughout the year numerous events will be conducted to mark the 200 years of our Nation's history. The vast majority of these observances—parades, concerts, lectures, athletic events, sound and light programs—will be held in the cities, towns, and villages of the United States and they will frequently mark some particular aspect of the Bicentennial or the story of America.

One of the most unique and appropriate celebrations of our 200th birthday was recently conducted by a group of young people from Fairfield, Conn. Forty students of the Andrew Warde High School in Fairfield traveled to the home community of their school's namesake in England and played a concert as a gesture of friendship to the British. Through their own efforts these fine students brought the message of America's Bicentennial to the nation which once ruled the 13 original colonies. I am very proud of these young people for their initiative and dedication and commend them for their outstanding contribution to world understanding and the maintenance of cordial relations with our English friends.

I ask unanimous consent to have printed in the RECORD an article from the New York Times which describes the trip of the Andrew Warde band to Colchester and London, England.

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

40 YANKEES DOODLE DANDILY IN OLD LONDON

LONDON, April 14.—A high school band from Fairfield, Conn., made a bow to history today and created a bit of its own when it played a lunchtime concert near St. Paul's Cathedral as a gesture of friendship to the British in the Bicentennial year.

The 40 players from Andrew Warde High School, ranging in age from 15 to 18, serenaded a large and appreciative crowd with "God Save the Queen" and Broadway show music and became the first school band, and perhaps the first foreign band, to play by St. Paul's.

On Monday the students, who worked for two years to finance their trip here, gave a concert in the Roman town of Colchester, 52 miles east of London, where Andrew Warde, for whom their school is named, is thought to have come from.

Before they played, they were received in the Mayor's Parlor by Mayor William Ladbrook, who was bedecked for the historic occasion and wore his gold chain of office.

"The whole trip has been fantastic," said Douglas Coventry, an 18-year-old horn player. "The history! The beauty!"

"Worth every cent," chimed in Scott Thornton, a 16-year-old trombonist, and the

other musicians, wearing red blazers and white pants, agreed.

Two years ago the students decided to do something special for the approaching Bicentennial, and their thoughts settled on Warde, who was one of the founders of the state of Connecticut and of the town of Fairfield.

He came from Essex in eastern England, but researchers could not pin down his birthplace. However, they did discover that he was married to a Colchester girl, Hester Sherman. So they offered their musical gesture of friendship to the 80,000 people of Colchester, and they were invited to come.

The trip cost $630 apiece. Most of the students were helped by their parents, but they stressed that the bulk of the money was raised independently. They washed cars, gave concerts, held flea markets and sold thousands of candy bars, according to Lynne Kassay, 16.

The Town Hall, in which they took coffee with the Mayor, is relatively new, having been built in 1843. It replaced one built in the 12th century. The Norman castle above the park in which they performed was built in the 11th century and is still in good shape.

A Bicentennial, of course, does not seem such a long time to Colchester, which proudly displays Roman mosaic floors from around 50 A.D. This aspect intrigued the students, and they showed it. Everything was "fantastic."

About a dozen parents were on the trip. They, and Mike Vargas, a teacher in the Fairfield junior high school, who went along as percussionist, seemed no less impressed.

The Colchester audience was thin on a blustery afternoon. The local schools were out for Easter, and the event had received no noticeable publicity.

But today in Paternoster Square, the pedestrian precinct adjoining St. Paul's Cathedral in the heart of London, the large crowd applauded warmly after Michael German, the school's music director, started the performance with "God Save the Queen," in line with British custom.

In summer months pukka British service bands play frequently in the square, but no one could remember when a foreign band had last performed there, and everyone was certain that no school band ever had.

INTERNATIONAL CORN AND WHEAT IMPROVEMENT CENTER (CIMMYT)

Mr. HUMPHREY. Mr. President, I wish to share with this body a recent article in the publication "War on Hunger" which is prepared by the Agency for International Development.

In this article, the story of CIMMYT is outlined as it was developed in Mexico over 35 years ago. This beginning was the start of the new miracle seeds and the much discussed "green revolution." This center has been the focal point of the food production revolution and in developing new seeds and carrying out the research which has had a major impact on a worldwide basis. Since that time other research centers have sprung up throughout the world to carry on this research and attack other problems relating to major crops not included in the Mexican operation.

This is the famous Center where Dr. Norman Borlaug played such a major role in helping expand wheat production and thereby helping feed the hungry of the world.

Mr. President, I wish to share this informative article on the accomplishment of the now-world-famous Center. Accordingly, 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:

INTERNATIONAL MAIZE AND WHEAT IMPROVEMENT CENTER CENTRO INTERNACIONAL DE MEJORAMIENTO DE MAIZ Y TRIGO

A little over 35 years ago, on February 3, 1941, two distinguished scientists from the Rockefeller Foundation called on U.S. Vice President Henry A. Wallace in Washington, D.C. Dr. Raymond B. Fosdick, President of the Rockefeller Foundation, and Dr. John A. Ferrell of the Foundation's International Health Division sought the Vice President's advice on a request they had received from the Mexican Government for technical assistance in agriculture. Mexico's Minister of Agriculture, Don Marte R. Gomez, phrased the objective as an "agricultural revolution."

Henry Wallace expressed considerable interest in the request. As Secretary of Agriculture from 1933 to 1940 he had seen what agricultural research on just one crop, corn, could do for U.S. farmers in a relatively short period of time. The widespread commercial adoption of improved varieties of corn in the United States during the 1930s had extended the corn belt some 500 miles northward and achieved significant increases in average yields for the country as a whole. Moreover, the Vice President had recently returned from an official visit to Mexico where he had met leading government officials and become familiar with some of the country's problems in agriculture. He believed that the help which the Rockefeller Foundation was already extending to Mexico through a health program should be expanded to include nutrition. And to do this, he reasoned, it would be necessary to improve agriculture in Mexico.

Henry Wallace's encouragement helped convince the men from the Rockefeller Foundation to look into the request further. A Survey Commission was appointed with the mandate: "Go to Mexico and find out whether you think the Foundation could make a substantial contribution to the improvement of agriculture, and if so, how?" The three commission members—Dr. Richard Bradfield of Cornell, Dr. Paul C. Mangelsdorf of Harvard, and Dr. E. C. Stakman of the University of Minnesota—spent two months in 1941 traveling some 5,000 miles by airplane, truck, and muleback through the Mexican countryside to form as complete a picture as possible of the condition of agriculture in Mexico.

The Survey Commission's report observed that "the people were hungry for food and the land that produced it." They noted that although Mexico had a great deal of land, too little of it was good farm land. In addition the efficiency of both crop and animal production was low. The Commission concluded that "the acute and immediate problems, in approximate order of importance, seen to be the improvement of soil management and tillage practices; the introduction, selecting or breeding of better-adapted, higher-yielding and higher-quality crop varieties; more rational and effective control of plant diseases and insect pests; and the introduction or development of better breeds of domestic animals and poultry, as well as better feeding methods and disease control."

The recommendation of the Commission was that the Foundation send a working commission to Mexico composed of an agronomist and soils expert, a plant breeder, an expert in crop protection, and an animal husbandman to work with the Ministry of Agriculture. In 1943, Dr. J. George Harrar went to Mexico as the Director of such a commission. The U.S. scientists' collaborative research, training and extension work with their Mexican colleagues over the next 10 years marked the beginnings of the agricultural revolution which was sought by Mexico. The Mexican experience in turn sparked similar efforts elsewhere in Latin America and other parts of the developing world. In a very real sense, the Rockefeller-Mexican Government project served as the model for today's international agricultural research centers. One of these, the International Maize and Wheat Improvement Center, evolved directly from the Mexican program when it was formally established in 1966 as an autonomous organization with an international board of directors.

BLEND OF OLD AND NEW

Scarcely 25 miles from the horn blast and engine growl cacophony of traffic caught in the concrete and glass conglomeration that is modern Mexico City, CIMMYT scientists and trainees from every continent of the world devote their attention to some of the oldest crops in the world. The test fields of corn and wheat that are spread out over the 150 acres on which CIMMYT's headquarters are located seem almost incongruous in such close proximity to one of the world's largest cities. But ultimately, of course, research that can lead to increased food production is as much a concern of the urban worker as the rural farmer. And CIMMYT's simply stated but hugely complex purpose is to help raise world cereal yields, primarily those of maize and wheat. Barley, sorghum, and the "man-made" cereal, triticale, also are included in the scientists' work at CIMMYT.

The Center's activities include:

Evaluation of genetic resources;

Breeding and testing of new grain varieties;

Agronomic research;

Biochemical and nutritional analysis of grain protein;

Assistance to food production programs and consultation on agricultural policies in developing countries;

Development of crop resistance to plant diseases and pests;

Training of future wheat and maize specialists; and

Exchange of scientific information and participation in cooperative programs with other research institutions and international centers.

In addition to the facilities at its headquarters in El Batan outside Mexico City, CIMMYT uses six experiment stations within Mexico for testing crop varieties and new lines in its breeding programs. The stations range in altitude from sea level to over 8,500 feet and afford a wide testing range in temperature, moisture and radiation. These enable the plant breeder to stimulate the major environmental conditions that exist in the maize and wheat growing areas of the developing world where CIMMYT is concentrating its major efforts.

THE MAIZE PROGRAM

CIMMYT's emphasis on maize is both a legacy of the joint Rockefeller-Mexican program of the 1940s and 1950s—which saw the improvement of maize quality and on-farm production practices as fundamental to any effort to improve agriculture and nutrition in Mexico because of the crop's central role in the economy and diet of the majority of the population—and a recognition of the importance of maize to large numbers of rural people outside of Mexico—in Central and South America, and parts of Asia and Africa.

Maize is the world's third largest cereal crop after rice and wheat. Although close to 60 percent of the total annual world production in actual crop weight occurs in the temperate climate countries of the northern

hemisphere, where most of it is used as animal feed, the greatest acreage planted to maize is in the developing countries where it is most often used directly as human food. Thus it is in the developing countries that yields most need to be increased and where improvements in the nutritional quality of the grain can have the greatest impact on hunger.

The thousands of varieties of maize that have evolved over centuries through the repeated process of farmers preserving and perpetuating those strains which performed best for them offer both a challenge and promise to the breeders because of their sensitivity to environmental conditions and day length. The challenge is to increase the adaptability of those lines that have been identified with good characteristics, such as high yield or specific disease resistance. The promise lies in the wealth of resources inherent in so many lines.

It is not surprising then that the heart of CIMMYT's maize breeding program is in its germ plasm bank. With 12,000 accessions it is the largest maize collection in the world. Its basic service is to provide breeders with a continuous flow of selected and classified germ plasm and it does this by collecting and growing out seeds from maize varieties from all over the world. To date, 8,700 accessions have been multiplied and are currently used for distribution to breeders at CIMMYT and in other countries. Since CIMMYT was established in 1966, the bank has sent out more than 500 shipments of germ plasm to more than 70 countries.

Dr. Mario Gutierrez, a geneticist who heads up the staff of the maize germ plasm bank, views its role as two-fold: to preserve genetic variability and to provide these genetic resources for breeders on request. He notes that "materials from the bank have served as key sources of resistance to insects and plant diseases throughout the world, in both less developed regions such as East Africa and also in developed countries, including the United States."

Entries in the bank are still being planted and tested. In 1974, 2,000 items were tested at low altitudes and 1,000 items at high altitudes.

Dr. Gutierrez says that some of the new materials being tested have yielded as well or better than materials in the advanced breeding program. Those that show promise are propagated and tested more widely and in some cases may be entered immediately in CIMMYT's breeding program.

Two cold chambers preserve the bank's inventory under carefully controlled temperature and humidity conditions, A fail-safe system of human and mechanical checks has been devised to insure that these conditions are constantly maintained. But Dr. Gutierrez is always on call at the slightest hint of trouble, for as he emphasizes, the bank is an invaluable resource for the future:

"With the variation that exists in maize we are more than likely to be able to meet whatever disease or insect challenge that might arise from within the species through one or more of the lines that are preserved here. This is for the future. These are resources that must be saved."

SIGNIFICANT ADVANCES

The need for specific combination of traits in maize to suit it to a given locality made it necessary in early phases of the breeding program to develop improved varieties incorporating higher yield and disease resistance traits separately for high and low altitudes and for early, intermediate, and late maturity. However, CIMMYT scientists now believe they are drawing closer to a significant breakthrough in breeding short-statured plants with wide adaptation, multiple disease and pest resistance, and high protein quality. The structural changes in the maize plant that have already been achieved are similar to those which were accomplished in the Green Revolution rice and wheat plants of the 1960s.

"Dwarfing," or shortening of the maize plant through selection and crossing efforts, has resulted in the development of varieties with low ear placement and upright leaves that can be planted in population densities twice those of traditional varieties. Thus a farmer could increase the number of plants per hectare (2.47 acres) on his farm from 50,000 of a traditional variety to more than 100,000 of the new. Moreover, the shorter plants show less tendency to topple over when the grain ripens and they can absorb more fertilizer and use it to manufacture grain. The thicker stands of plants also use solar energy and soil nutrients more efficiently and compete successfully against weeds. Yields of experimental varieties in the highland tropics as well as in the lowland humid tropics have been as much as double those of traditional varieties.

The research techniques that are being used to develop the new varieties of maize center on the planting together of from 20 to 5,000 plants of similar aspect but with different genetic make-up. The proximation of the plants allows natural mixing and the resulting mix is tested under varying conditions so that plants exhibiting desirable traits can be retained. These then form a superior population that will have wide adaptability and a broad genetic background incorporating a variety of disease resistance and high yield traits.

The population approach offers particular advantages to the farmer in his constant battle with disease and insect infestation. If he plants a population of 20 similar but genetically varied lines, only one or two of these may be susceptible to an attacking disease or insect. Moreover, the interspersing of plants from other lines between the susceptible lines will retard the spread of the infestation to the vulnerable plants. For the subsistence farmer, the difference between an entire field planted to one particular variety of maize that may be wiped out by disease or a field in which only some of his plants may be affected is a difference that may well be measured in terms of his own or his family's life.

Yet the scientists' work is by no means completed. They continue to seek wider adaptation to altitude and broader disease and insect resistance in tropical maize. CIMMYT also is making a special breeding effort to upgrade the protein quality of maize (see page 15).

CIMMYT does not itself name or release new varieties. Rather it provides promising populations to requesting countries and the national programs of these countries select and release those populations or varieties which they find best suit their particular needs.

COOPERATIVE RESEARCH ON SORGHUM

CIMMYT also has a project on breeding sorghum for cold tolerance, an important factor in Central and South America as well as in East Africa. The program operates in cooperation with another international agricultural research institute, the International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) in India, with the objectives of achieving for a cold-tolerant sorghum:

Higher yield,

Field resistance to important diseases and insects,

Early maturity,

Wide adaptation and stability of production,

Higher protein quantity and quality,

Resistance to bird damage, and

Diversity of agronomic types and kernel types.

CIMMYT uses a collection of some 3,500 families of sorghum in its breeding program and tests crosses of these at six different sites in Mexico which offer differing temperatures, moisture conditions, and disease-insect environments. In 1974, 44 new sorghum families were introduced to the CIMMYT collection from Ethiopia to broaden the breeding base for cold-tolerant sorghums. These are in the process of being dwarfed to fit the shorter growing season in Mexico and will be used in the breeding program along with another group of high lysine Ethiopian sorghums that hold promise for improving the protein content and quality of the grain. Laboratory results to date indicate that 15-18 percent protein content can be achieved in normal kernels but no cross thus far has been able to combine both high lysine and high protein content.

Dr. Shree P. Singh, CIMMYT's principal sorghum breeder, notes that a primary problem with sorghum has been that the types tested have not set seed at altitudes over 6,500 feet, apparently because of low nighttime temperatures. Yet sorghum holds promise of being more drought resistant at these altitudes than maize. Initial success in the CIMMYT program was gained by crossing material from East Africa with short duration material from Texas to produce lines that would grow in Mexico above 6,500 feet.

Dr. Singh points out that, "in East Africa and Yemen there are highland sorghums which exhibit cold resistant characteristics, but they grow in areas that are close to the Equator where day length is much the same year around and therefore the growing season is longer. To adapt these varieties of sorghum to conditions in Mexico and Central and South America, we have to build photo period insensitivity into them."

THE WHEAT PROGRAM

The high-yielding dwarf varieties of wheat developed at CIMMYT during the early 1960s were major components of the Green Revolution. They offered wide environmental adaptability and out-performed traditional varieties even under dryland conditions. Under irrigation and cultivated with the recommended levels of fertilizer and other inputs, the yields of the new varieties were indeed "revolutionary". By 1970, almost 25 million acres were planted to the high yielding wheats, up from only 22,000 acres in 1966. India, Pakistan, and Turkey grew the largest acreages of the new varieties, enabled in large measure to adopt the agricutural technology of the Green Revolution by the extensive financial and technical assistance efforts of AID and other assistance agencies.

Today, CIMMYT's wheat breeding program continues unabated. The priorities a decade after the initial breakthroughs include greater stability in disease resistance, broader extension of the use of improved seed and agronomic practices, breeding for higher protein and lysine levels, and a search for sources of drought tolerance. All are important for a crop which is estimated to provide 20 percent of total world food calories, second only to rice at 21 percent. For over a third of the world's population, wheat is the main staple food.

TOWARD BETTER DISEASE RESISTANCE

Greater stability in disease resistance is being sought by the scientists at CIMMYT through two main approaches. The first involves crosses between high yield varieties and wheats that have demonstrated consistent resistance to rusts. The second also utilizes varieties with proven stability in disease resistance but includes a number of these to develop a mixture of seeds from lines that are almost genetically identical except that they have different genes for rust resistance. The result, termed a multiline variety, gives the farmer greater protection against new or mutant races of rust since the chances are that no more than one or two lines in the variety will be susceptible. In 1974, a multiline variety trial consisting

of 250 lines was sent to 30 locations around the world for testing. Such trials help to indicate which lines do well in each location and which mixtures of the lines offer the greatest protection.

A large scale crossing program between spring and winter wheats also has been launched at CIMMYT to interchange desirable features of these wheats. Some varieties of winter wheats, for example, have genes for resistance to *septoria* disease not found in spring wheats, a high degree of drought tolerance and cold tolerance, and a wider range of maturities. Spring wheats, on the other hand, demonstrate greater nitrogen response, rust resistance and better breadmaking quality. The development of varieties of both types of wheat with transferred characteristics will offer farmers greater versatility in their crops and could open up new lands, especially dryland areas, to wheat production.

As a part of its effort to help the national programs of developing countries improve their own breeding programs, CIMMYT distributes seed from early crosses that have been classified for potential disease resistance. In addition, CIMMYT has developed a crossing block, or mini-bank of germ plasm, which consists of varieties from throughout the world which have been selected for at least one or two special characteristics. The 300 to 400 entries that make up the crossing block are sent out around the world so that breeders can evaluate them under local conditions, use them in their own breeding programs, or even release them directly to farmers if they perform well enough.

ALTERNATIVE CROPS

Two other crops fall under the aegis of the wheat improvement program at CIMMYT: barley and triticale, alternative cereal crops for areas that are marginal for wheat growing. In response to requests from several North African countries where barley is widely used in local diets and the rain-fed agriculture is suitable to its cultivation, CIMMYT undertook a barley program in 1972 with the aim of producing varieties with good adaptability, disease resistance, and yield. The program also seeks to improve barley's generally poor protein content and quality as well as breed the desired characteristics into a hull-less grain. Although barley is eaten by some 200 million people, most research in the past has centered on hulled types that are used for animal feed or for brewing. However, in the short time that the CIMMYT program has been operating, barley lines that can be used for breeding have been identified with high protein and lysine levels as well as good agronomic characteristics. When developed, improved barley varieties will be important in areas of North Africa, the Near East, the Himalayas and Andes, and Eastern Europe.

The breeding of triticale, a "man-made" cross between wheat and rye, has advanced substantially in recent years with the success of plant breeders in overcoming a problem of sterility in the original crosses. Currently, CIMMYT triticale breeders are concentrating on "dwarfing" the triticale plant to achieve the same high yield and good agronomic characteristics which this obtained in wheat varieties. Disease resistance and wide adaptability also are being sought for triticale through the breeding program. The new grain offers advantages over wheat in its greater tolerance of cold and drought as well as its resistance to aluminum toxicity, a major problem in large areas of a number of developing countries. In addition, some triticale lines have produced grain with higher protein and lysine levels than either wheat or rye and an important breakthrough has been achieved in obtaining kernels with good milling qualities from some experimental varieties.

INTERNATIONAL TRIALS AND THE EXTENSION SPECIALIST

Two major programs backstop and complement the crop research work at CIMMYT. Both the maize and wheat programs operate international trials or nurseries where promising varieties and new lines are grown and tested under widely different environmental conditions in countries all over the world. The network of cooperating research institutions and scientists developed through these international trials is essential to both CIMMYT's research and assistance purposes.

Dr. Maximino Alcala, in charge of CIMMYT's international wheat nurseries program, points out: "We are the linkage between the wheat breeders here at CIMMYT in Mexico and the cooperators in other countries. This is definitely a two-way relationship. The cooperators want to try out our best lines to sees if there is something there they can use in their own national breeding programs—a line that exhibits resistance to a disease that currently threatens wheat crops in their country or region, for example.

"On the other hand, the breeders here need to know if a variety that did well in Mexico did just as well or poorly in Pakistan, or Turkey, or North Africa. Without that information, they would end up working in the dark. The communication and cooperation has to go both ways . . . and it pays dividends both ways."

The other major program that is central to CIMMYT's declared purpose—"to assist nations throughout the world to increase the production of wheat and maize"—is the provision of training for research and crop production specialists from the developing countries. Courses last from three months to one year, but the principal production courses are for six months (maize) and nine months (wheat), the times required for complete planting-to-harvest cycles.

The "course work" is quite different from what would be offered in many countries, observes maize training agronomist Dr. Alejandro Violic.

"What we try to do," he says, "is put the trainees in touch with reality."

Most of the trainees are scientists holding a first degree in agriculture. But the "reality" which Dr. Violic refers to is that of the field. The trainees spend as much as 85 percent of their time at CIMMYT working with staff members in the test fields and laboratories. The other 15 percent of their time that is spent in lectures is designed "just to emphasize what we are teaching in the field."

The emphasis in training at CIMMYT is on production. Dr. Violic notes that in most parts of the world good varieties of corn have been developed but the total production picture basically has remained unchanged. "The problem," he asserts, "is to transfer the technology from the experiment station to the farmer."

To accomplish this, trainees are taught how to lay out agronomic trials on private farmers' fields where they can demonstrate through simple experiments what is needed to compose a production package. This will include the selection of a variety, use of the correct fertilizer, proper weed control, and counter-measures against insect infestation.

One way that CIMMYT staff suggests that production specialists show the farmer what they mean is to set up four test plots on land the farmer is willing to put aside for the demonstration. One plot is planted by the farmer using his traditional variety and methods of cultivation. Another is planted with the recommended variety but the farmer still uses his traditional methods of cultivation. On the third plot the farmer plants his traditional variety but uses the recommended package of inputs and means of cultivation, while the fourth plot is planted with the recommended variety and cultivated with the recommended production package. The results in the four plots will then offer a very practical lesson in the gospel of crop production that is being preached by the extension agent.

KNOWING AND DOING

There is no question that specialists who have been trained at CIMMYT actually know how to plant such demonstration plots themselves. All trainees do in fact plant, cultivate, and harvest a test plot on their own or with the assistance of other trainees during the time they are at the Center. Wheat training agronomist John Lindt puts it succinctly:

"Our emphasis is on how to do things. We don't care what the trainees can write about. We want them to show us how it's done."

Emphasis on the practical also is stressed by CIMMYT Deputy Director-General Dr. Keith W. Finlay in describing CIMMYT's role as an international agricultural research center.

"At one end of the spectrum, we have a responsibility to conduct basic research. At the other, we believe we must serve the needs of the farmer in less developed countries. Our research therefore is production oriented. That is to say that we believe the small farmer can—in fact has to be able—to produce more. We can provide the material from our research effort that will out-produce traditional materials—higher yielding wheat or corn, for example. But this material has to be of value in a developing country. It has to be adaptable to that country's specific environmental conditions, such as climate, soils, and diseases. It also requires that the agronomic practices that help to make that material superior are practical and transferable to the country.

"Getting the material out to the less developed countries in itself demands a real missionary kind of effort. This involves our training program for agricultural scientists, managers and extension agents from the developing countries. It includes our assignment staff in less developed countries, and it is a very important part of our nursery program which actually grows out promising varieties within these countries to test their adaptability. The nursery program offers a good showcase for our materials and works especially well for the more advanced of these countries that have developed agricultural research expertise because they can select the most promising varieties of strains for their own breeding programs and carry the ball forward themselves. The least developed countries that lack this research capability on their own are the ones that need the most help."

Dr. Finlay points out that one of the most persistent problems still remains after new or experimental agricultural materials reach a country where they might have potential. It is "getting the material over the experiment station fence." But he adds:

"We believe that this is still part of the research function. Because we have to know what the farmer will use. The feedback from the farmer is a vital research input and for this we have to have our material grown on-farm under the real conditions that confront a farmer in his own field.

"The production extension man is what is needed now to adequately extend information to the farmer. We're looking to in-country training programs built around on-farm crop trials to produce these kind of personnel. We hope that they will in turn train others.

"This is part of the multiplier effect that we are looking for, and it applies in particular to the training programs we have here at CIMMYT. We view these young men and women who come here from Africa, Asia, and Latin America as the initial trainees who will return to their countries to become trainers of others. There is no way that CIMMYT or the other international centers can train all of the agricultural extension or

research personnel that the developing countries must have if they are to approach self-sufficiency in food production."

CIMMYT is putting new emphasis on regional programs, Dr. Finlay notes, as a means of moving on to the next step of building up the infrastructure of trained personnel within the developing countries. Regional representatives of CIMMYT will help meet the need to train crop production extension and research specialists within their own countries, or at least within the region. The regional representatives also will be better able to monitor national crop production programs receiving CIMMYT advisory assistance.

In 1974, CIMMYT headquarters staff put in almost seven man years—2,500 man days—on travel to countries requesting their advisory services. Yet, with all this travel, they still lacked opportunities in many cases to check back and see whether follow-up advice was needed. It is hoped that the regional representatives will be able to take some of this load off the core research and training staff at El Eatan.

Dr. Finlay points out that the broader CIMMYT's outreach activities become, the broader becomes the responsibility of the Center's core staff. More basic research is needed to make the initial breakthroughs in knowledge that make resolutions possible to the problems of increasing agricultural productivity. Some are new problems, perhaps second or third generation problems following on the technology of the Green Revolution. Others are as old as man't drive to make the earth yield his livelihood. But whether it is discovering the right genetic combination for a high yield wheat or determining what variety of maize can best withstand drought in a hungry land, results of CIMMYT's work have a very practical significance.

More food . . . in a world which needs much more.

WYOMING LENDS A "HAND"

Mr. McGEE. Mr. President, Wyoming has always had a hand in the history of the Nation. With the Bicentennial celebration of that history, my State is "lending another Hand" to mark the occasion as well as to note the influence Wyoming has had in other areas of the country.

Manus Hand from Laramie, Wyo., will be treking across the land in search of something. The rest of his story is explained in articles which appeared recently in the Casper Star Tribune. I ask unanimous consent that the articles be printed in the RECORD along with a request for the whereabouts of any "Wyoming" my colleagues may know of in their home States.

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

HERSCHLER GIVES MATCHING GRANT

CHEYENNE.—Gov. Ed Herschler approved a $1,200 matching state grant for an unusual Bicentennial odyssey.

Wyoming Bicentennial Commission executive director Pat Hall Wednesday confirmed that the governor has okayed the state funds to finance a cross-country good-will visit to towns and counties named Wyoming.

The project was the brainchild of 12-year-old Manus Hand, a sixth grade student at University Prep School in Laramie.

The Bicentennial Commission earlier approved a $1,200 federal grant for the mission.

One purpose of the trip will be to attempt to find out the origin of the name Wyoming, said the youngster's father, Jim Hand, a Legislative Service Office research assistant and attorney at Cheyenne.

In 1972 and 1973 Manus wrote to communities bearing the name of Wyoming in a frustrating effort to determine where the name came from, Hand said.

"The major answer was 'we don't know,'" he said Wednesday.

He said the Hand family—himself, his wife, Manus and five younger children—will travel in one car beginning June 11 to visit 14 towns and counties named Wyoming in ten states and in Ontario, Canada.

Hand said they will be travelling as the governor's emissary and will deliver proclamation plaques to other Wyomings, offering them honorary Bicentennial friendship with the State of Wyoming—"the Big Wyoming."

Another goal will be to find out the contributions of residents of the communities.

Manus, he said, will make a historical record with slides of the 21-day journey for the Wyoming Archives and Historical Dept.

One target is Philadelphia June 22 when the Laramie County Mounted Posse is scheduled to be there for a rodeo.

The family plans to arrive in Washington, D.C. June 24 and remain there the following day. Hand said he hopes a meeting can be arranged with at least one member of Wyoming's Congressional delegation and perhaps a brief picture-taking session with President Ford.

The emissaries will stop at Wyomings—towns or counties—in Minnesota, Michigan, Ontario, Canada, New York, Pennsylvania, Rhode Island, Delaware, West Virginia, Ohio, Illinois and Iowa.

Research has already shown, he said, that Wyoming, Iowa, was named after Wyoming, N.Y., and that Wyoming, Minn., was settled by former residents of Wyoming, Pa.

Hand said this will be a people-to-people project and there are considerable details to be worked out to insure participation by the other Wyomings.

And Hall said the project should generate considerable publicity for the state.

JAMES HAND FAMILY ADDS TO TRAVEL LIST

CHEYENNE.—Four more towns named Wyoming have been added to the Bicentennial trip itinerary of the James Hand family of Laramie.

The trip, originaly dreamed up by 12-year-old Manus Hand, a 6th grade student at University Prep School in Laramie, is being financed by a $1,200 federal Bicentennial grant and a matching $1,200 grant from the state.

Jim Hand, a Legislative Service Office research assistant, and attorney said Thursday that his son is continuing to make arrangements for the June trip across the nation, and noted that he is receiving an enthusiastic response from communities named Wyoming.

Hand said they recently have located an apparently abandoned town named Wyoming on the eastern edge of Nebraska, five miles north of Nebraska City; two Wyoming towns in Wisconsin, plus a Wyoming Valley, none of them shown on state maps, and another apparently abandoned town in the southeast corner of Marshall County in northeast Kansas, where there also apparently once was a Wyoming Valley located near the Union Pacific Railroad.

He said that if anyone else knows of any other towns or counties named Wyoming, he'd like them to contact him or his son, because they don't want to leave any out.

One purpose of the trip, in addition to trying to visit all the Wyomings in the nation, is an attempt to discover the origin of the state's name.

SOUTH DAKOTAN NAMED OUTSTANDING YOUNG FARMER

Mr. McGOVERN. Mr. President, annually the National OYF Congress names several Outstanding Young Farmers for commendations. For the 1975–76 year at its annual meeting in Starkville, Miss., Albert A. Wipf of Frankfort, S. Dak., received one of four Outstanding Young Farmer Awards.

Albert Wipf is truly an outstanding young farm operator. His farming practices are outlined in the April issue of the Dakota Farmer and to note my recognition of this accomplishment, I ask unanimous consent that the article "South Dakotan Named Outstanding Young Farmer" be printed in the RECORD.

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

[From the Dakota Farmer, April 1976]

ALBERT WIPF—SOUTH DAKOTAN NAMED OUTSTANDING YOUNG FARMER

Midwestern and Western farmers have made a clean sweep of the top four Outstanding Young Farmers for 1975–1976 awards. One of the four is Albert A. Wipf, Frankfort, S.D.

Wipf and the three other winners, Brent Call, Rigby, Idaho; Duane Meeker, Logansport, Ind.; and John Abraham, Byron, Wyo., were named Outstanding Young Farmers for 1975–1976 during ceremonies at the National OYF Awards Congress in Starkville, Miss. They were selected from a field of 38 state winners.

Wipf, 34, operates a 960-acre grain and livestock operation near Frankfort, S.D. Among his accomplishments, he has done considerable work with irrigation and has been recognized as one of the state's top authorities on both irrigation and corn production. The extension service in South Dakota has featured several of his articles written on these subjects.

Wipf entered farming in the mid-50's at the age of 14. Through private finances sources, he obtained his first quarter of land and traded labor for the use of his father's machinery until he could buy his own equipment.

Call, 35, began his agricultural career in 1960 at the age of 20 when he used an $800 loan to purchase 40 acres of farmland. Since then, he has built his farm near Rigby, Idaho, into a 3,000-acre spread. He has been quite successful in the area of fertilizer experimentation and has been able to raise certified seed grains.

Meeker, 35, began farming on a 618-acre rented farm in 1966. He presently manages a 2,068-acre swine and custom farming operation near Logansport, Ind. With a BS degree in agricultural engineering from Purdue University, Meeker combines farming with his off-farm job as agri-engineering consultant. He is also the author of several published works and is listed in the 1975 edition of Who's Who In The Midwest.

Abraham, also 35, started farming during his high school days, but didn't make it a profession until 1961. At that time, his goal was to have "the largest dairy herd in the state of Wyoming." As sole proprietor of 59,700 acres near Byron, Wyo., he has more than realized that dream. He now plans to expand into new areas of swine and poultry along with his present dairy, beef and crop production activities.

Contestants for the Outstanding Young Farmer awards are judged on the basis of progress achieved in the agricultural career; advances made in production and net worth; and contributions made to community state and nation.

RURAL BRANCH LINES—ESSENTIAL TO THE NATION'S ECONOMY

Mr. HUMPHREY. Mr. President, recently 75 Minnesota farmers, business-

men, legislators, and concerned citizens traveled to Washington at their own expense to explain and speak out about the need to rebuild rail branch lines in Minnesota. They met with officials from the U.S. Department of Agriculture and the Interstate Commerce Commission.

I had the pleasure of joining these concerned people in pointing out to the Honorable George C. Stafford and several of his key staff members of the ICC the increasingly negative impact that most of the approved railroad abandonments represent, not just for agriculture, but also for the rural community and total economy.

This meeting was an outstanding example of bringing the people's concerns to the officials who make the decisions. Senator WALTER MONDALE and Congressmen RICHARD NOLAN, TOM HAGEDORN, and AL QUIE also participated.

Among the many who testified was Mr. Jon Wefald, commissioner of agriculture for the State of Minnesota. Mr. Wefald outlined in his statement the adverse effects continued rail abandonments have on our State.

Only five other States in the entire Nation produce more food and fiber than Minnesota. Each Minnesota agricultural county currently produces more than 1 million tons of raw food products each year. This is twice as much food as was produced in 1960.

Agricultural inputs have also increased sharply. The volume of fertilizer alone used by Minnesota farmers has increased by over 6½ times. Since Minnesota has no commercial fertilizer resources located in the State, much of it must be brought to rural distribution points that are on branch railroad lines.

Minnesota agriculture is being penalized already by the forced increase in reliance on the trucking industry and our limited highway system for moving bulk materials involved in its agricultural production. A special study by the Minnesota Planning Agency found that in most cases the cost to provide commercial highways for year-round service to the communities affected by proposed abandonments is 10 times the estimated cost for rehabilitation of the railroad for class II rail service.

Mr. President, the remarks of Commissioner Wefald summarize the varied problems we face as we make decisions on transportation priorities which will affect our Nation for many years. I ask unanimous consent that his statement be printed in the RECORD.

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

TESTIMONY STATEMENT ON RURAL BRANCH LINE RAIL ABANDONMENT IN THE STATE OF MINNESOTA

(By Jon Wefald)

It is an honor to have this opportunity, as a concerned official of the State of Minnesota and as a spokesman for our important industry of agriculture, to present testimony on specific railroad abandonment petitions in Minnesota that are pending decisions by the Interstate Commerce Commission.

As the Minnesota Commissioner of Agriculture, I am very concerned about the increasingly negative impact that most approved abandonments represent, not just for agriculture, but for the rural community and the total economy.

My opposition to the railroad petitions for abandonment remains firm.

Today, I want to suggest that new circumstances, at both the national and Minnesota levels, require that the Interstate Commerce Commission should depart from its traditional approach to railroad abandonment applications—to the maximum extent allowable under the present laws and regulations.

The continued dismantling of Minnesota's and the nation's rural railroad system is contrary to the public interest.

There is significant new evidence to support the need and justification for a national moratorium on railroad abandonments.

The major reason is the still unsolved energy crisis, and its implications not only for commercial transportation, but indeed for the whole national economy.

A second major reason for a national moratorium on pending railroad abandonment applications is the action taken in 1975 by the United States Congress to authorize and fund a major program for railroad rehabilitation.

Congress has recognized that the nation's railroad system will be increasingly important in meeting the commercial transportation needs of this nation and its growing population and productivity, particularly in this era of energy shortages.

Importantly, the State of Minnesota in a just completed Legislative Session has taken companion action to that taken by Congress—namely to authorize and fund a major rural railroad rehabilitation program.

With the action taken by the United States Congress and the State of Minnesota, we believe the Interstate Commerce Commission should not permit any more railroad petitions for abandonment in Minnesota—at least not until the State of Minnesota can determine which branch lines must be saved and rebuilt under the two new programs.

As Minnesota Governor Wendell R. Anderson recently stated, "Every great country in the world, except America, provides good, clean, prompt rail service for its people and their goods."

The last 25 years of American history, and particularly in Minnesota, have demonstrated that Americans are becoming more and more dependent on airplanes and trucks—and far less dependent on rail service.

This trend has only led to the dissipation of both economic and energy resources.

The fact remains that railroads are the most energy-efficient and economical land transportation resource, second only among all transportation resources to river barges and ocean vessels

Various authorities differ only on the degree of railroad energy-efficiency in ton miles—compared to other modes. It is obvious, except for extremely short hauls of bulk materials, that at least twice as much freight can be moved per unit of energy as compared to trucks, and several times as much by train compared to moving freight by airplane.

Just this past month, industry and federal spokesmen confirmed that for the first time in history the United States imported more oil than it produced. Our dependence on imported oil resources is increasing, not decreasing.

We are told by every authority from the President of the United States down to the lowest level of government and energy utility management that energy conservation is a must.

Railroad abandonments that are approved defeat this national priority on energy conservation, now and in the future.

Existing railroad right-of-way and facilities, while in many cases seriously deteriorated by serious negligence on maintenance, must be retained intact in an emergency transportation reserve.

We know that the present transportation resources are barely adequate to meet current needs. We know that inflation and the energy crisis have seriously braked our highway improvement program.

We know that the increased volume of production and the increased shifting of that volume to our highway system have created enormous new economic and logistic problems even for highway and street maintenance

Railroad deterioration and abandonment is the very heart of this problem.

The vast bulk of the total natural resource production in the United States is food and fiber.

Food and fiber in raw form must move from rural communities to the marketing and processing centers, and again moved through the marketing channels to the ultimate retail outlets and consumers.

Transportation costs for marketing farm foods have skyrocketed. In 1974 this represented over 8 per cent of the food marketing costs between the farmer and consumer. That was the third highest share of the consumer food dollar—behind only labor and packaging.

Minnesota is a major agricultural state. Only five other states in the entire nation produce more food and fiber.

There are at least 19 pending applications for railroad abandonment in Minnesota's agricultural heartland . . . part of the nearly 400 additional miles of rural trackage the railroads seek to add to the economic graveyard that has already claimed more than 680 miles of railroad branch lines in Minnesota in just the past 9 years.

Each Minnesota agricultural county currently produces more than 1-million tons of raw food products each year. That is nearly twice as much food as was produced in 1960.

Combined input and output of Minnesota agriculture is easily ten times the freight volume that required commercial transportation when the railroad system was developed throughout rural Minnesota.

In 1973 Minnesota's agricultural production—just the output side—totaled more than 43-million tons of food and fiber, according to the official published estimates.

These estimates are by no means complete, omitting scores of specialty crops that in aggregate could increase the total by upwards of another 1-million tons.

That is 58 per cent more tonnage than this state's agriculture industry produced only 20 years ago . . . an increase of over 16-million tons.

The transportation logistics required to move Minnesota's farm production is significant, and continuing to increase.

If Minnesota's farm output each year were to be moved at one time it would require: 2,152,116 semi-trailer trucks of 20-ton load capacity . . . a single caravan bumper to bumper that would stretch more than 22,400 miles . . . nearly once around the earth . . . or enough trucks to fill two lanes solid on Minnesota's total state trunk highway system of 11,474 miles; or

478,248 railroad freight cars with an average load capacity of 90 tons . . . a single train over 5,435 miles long . . . or 9,565 unit trains of 50 cars each, which would be equivalent on a daily basis of at least 26 such unit trains each and every day of the year.

Agricultural inputs also have increased sharply during the past two decades.

The volume of fertilizer alone used by Minnesota farmers has increased by over six and one-half times and now represents nearly 2-million tons used annually . . . All of this must be transported into Minnesota, much

of it to rural distribution points that are on the branch railroad lines. Minnesota has no commercial fertilizer resources located within the state, and is entirely dependent upon imports of these products.

Fertilizer is just one measurable input for food and fiber production. Minnesota farmers have increased the amount of land under cultivation by over 16 per cent in just the past three years. This means a comparable increase in other inputs such as seeds, pesticides, bigger and heavier tractors, combines and other crop implements, commercial livestock and poultry feed supplements and facilities, machinery repair parts, hardware, grain and milk storage, increased quantities of petroleum fuels and lubricants. . .

Increased food and fiber production in Minnesota also requires more equipment and supplies for the allied marketing, processing and distributing industries that are involved between the farmer and the consumer. All of this material, too, requires some mode of commercial transportation.

Minnesota agriculture is being penalized already by the forced increase in reliance upon the trucking industry and our limited highway system for the movement of the massive quantities of bulk materials that are involved in food and fiber production. Transportation costs are a major reason why Minnesota farm commodity prices and net farm income are consistently lower than the national average.

Economists are forecasting that American agricultural production may have to increase by as much as 25 per cent in the next decade to meet the food and fiber needs of the growing world population. These questions are in order:

Can we move the additional bulk by truck and airplane?

Can we afford the major expansion and increasingly expensive maintenance of our farm-to-market highway system? . . . or airport freight terminals?

Can we afford the continued deterioration of our rural community economy?

Can we afford the continued dissipation of our depleting energy resources?

These are some of the very serious questions the Interstate Commerce Commission, the Congress, and the State of Minnesota must be prepared to answer.

Another important question that must be answered is how the coal will be distributed to the bulk of Rural America not situated on the important Mississippi Waterway or on railroad main lines. By train, truck or pipeline?

Coal transportation by rail is certainly economical and energy-efficient, according to the studies we have seen.

Minnesota is concerned about future deliveries of coal to meet projected petroleum and oil cutbacks.

John Millhone, Director of the Minnesota Energy Agency, estimated that the state's dependency upon coal will triple present consumption to some 26-million tons by 1985, mainly due to construction of coal-fired electricity generation plants and the planned expansion of Minnesota's expanding sugar beet industry.

The focus on coal has been forced by programmed curtailments of natural gas supplies to about 17 per cent of Minnesota's expanded energy needs by 1985, compared to the 30 per cent share of this state's 1975 energy consumption. Coal consumption in 1975 was only 17 per cent of Minnesota's energy resources, and this now is projected to at least 34 per cent dependency on coal by 1985.

This direct energy factor also underscores the need for more time to fully evaluate the consequences of any major change in our commercial transportation resources . . . particularly the one most feasible and energy-efficient—the railroad system.

Congress has strengthened the required consideration of the social-economic impact of railroad abandonments in the new federal railroad rehabilitation program.

Railroad abandonments, in those areas without alternative rail service or year-around commercial highways, have stifled economic growth, reduced job opportunities and have in many cases actually depressed local services and sales.

A special study by the Minnesota Planning Agency found that in most cases the cost to provide commercial highways for year-around service to the communities affected by proposed railroad abandonments is ten times the estimated cost for rehabilitation of the railroad for Class II rail service.

For these reasons and many more, we hope that the Interstate Commerce Commission will deny the pending abandonment applications in the State of Minnesota.

Denial of these abandonment applications is especially important at this time, not merely from the standpoint of the adverse economic impact upon the local communities involved, but to grant the time that local, state, and federal authorities need to make sound decisions on transportation priorities that will best serve the public interest in the years ahead.

MATT JOHNSON, A WYOMING HERO

Mr. McGEE. Mr. President, a commendable program called No Greater Love with home run king Hank Aaron as its president, will be holding an awards ceremony in the Capitol May 19, to note significant contributions made by Vietnam veterans to their local communities. One of the six finalists, I am proud to announce, is Mr. Matt Johnson of Wheatland, Wyo.

I ask unanimous consent that a profile of Mr. Johnson's deeds one night in the darkness of Wyoming mountains be printed in the RECORD.

He is, indeed, a hero.

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

PROFILE OF AN EDITORS' CHOICE FINALIST

(Matt Johnson, Wheatland, Wyo., nominated by Robert J. Dreher, publisher, Platte County Times Record, Wheatland, Wyo.)

A vehicle accident in the mountains above Wheatland had left a woman dead and a man severely injured with a broken back. His condition ruled out a bumpy trip down the mountain road. Radio messages crackled back and forth as the day lengthened into night.

The darkness and the treacherous mountain peaks were decided to be too risky for a military helicopter evacuation. Who could help? The local Sheriff's Department remembered ex-Navy Lt. Matt Johnson, a pilot, owned a plane.

Matt Johnson was at a family dinner party when the call came. Sure, he'd try, the Naval Reservist said. His family tried to dissuade him, for it was now night, but Matt persisted. Accompanied by a physician, he flew his Cessna into the mountains, landing on a narrow strip of level land, illuminated by automobile headlights.

A spark of life flickered in the injured man. Matt and his helpers removed a bulkhead from the interior of the aircraft, braced the victim securely with sandbags, and, by the light of the headlights, rolled down the strip to take off. The heavily-loaded plane lurched into the air, banked and flew east toward Cheyenne. By now, it was not known whether the injured man was still alive, and as they touched down in Cheyenne, he roused briefly, and in his delirium, spoke for the first time. Matt's mission of mercy had succeeded. He hadn't even known the name of the man whose life he saved.

Matt Johnson served in the Navy four-and-one-half years, including carrier duty off Vietnam. He now operates the family's Bard Arrow Ranch near Wheatland, is married and the father of two children.

CAMPAIGN FINANCING

Mr. McGOVERN. Mr. President, Richard C. Wade, a distinguished professor of history at the Graduate Center of the City University of New York and consultant to the Democratic Party's commission on delegate selection in 1969 and 1971, which I chaired, authored an article which appeared in the Nation presenting an innovative and constructive approach to campaign financing.

I think Mr. Wade's suggestion for a $25 contribution limit and tax credit merits careful consideration as we continually reevaluate our approach in this area.

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:

[From the Nation, Mar. 27, 1976]

CAMPAIGN FINANCING: TWENTY-FIVE-DOLLAR DEMOCRACY

(By Richard C. Wade)

The recent Supreme Court ruling on campaign financing has understandably depressed those who have sought for so long to reduce the power of money in our political system. Wealthy office seekers will continue to have unconscionable advantage over those of lesser means. People with money to play with can still exercise a fuller freedom of speech than the rest of us. Most of the spending ceilings have been broken. Yet all is not lost. The Court did sustain the principle of public financing of election, and the right of Congress to force disclosure and set limits on contributions. Since the Court has pretty well shattered the present legislation, it is not too soon to think of alternatives which employ the remaining tools. Indeed, there is no reason why election financing should not become an important campaign issue within both parties.

Even before the Supreme Court decision, the new legislation was not very satisfactory. It still allowed big contributors to exercise inordinate influence in choosing and electing candidates. To be sure, it prohibited them from contributing the kind of money that has bought embassies and agencies in the past, but they can still dispense large sums. A single donor can give up to $25,000, though only $1,000 to any one candidate. Moreover, he is free to spend as he sees fit on most state elections, where limitations are weak and enforcement haphazard. The restraints are even fewer and more fragile on local elections. As Sen. Henry Jackson put it so elegantly in New York recently, "It's still cash in the bank that counts."

The great problem with the present approach to election financing is that it is obsessed with ceilings and limiting the influence of the few (which it does not), rather than encouraging the participation of the many. A more promising route for reform begins at the other end of the process. The following proposal is, I think, simple, equitable, easily monitored and clearly constitutional. It calls for new federal legislation to give each *registered* voter a $25 tax credit *every year* for political contributions. Voters are free to give it to a candidate, a committee or a party. Each voter can award it in a lump sum or divide it. But no

voter, and no one else, can give more. The limitation may seem small, but if most of the registered voters used the credit, more than $500 million a year would be available to support our political system at every level across the nation. A sustained campaign of public education would help to assure that voters did indeed take advantage of the tax credit to support the parties and candidates of their choice. Nor is the $25 ceiling constitutionally in doubt: the Supreme Court decision clearly sustained the right of Congress to limit the level of individual contributors.

This proposal has many advantages over the present system, while avoiding most of the dangers of the new legislation with its Court deletions:

It eliminates the large contributor altogether. There are no loopholes; no dummy committees; no under-the-table transactions. It is simply illegal for anyone to give more than $25 a year for political purposes. Union members and corporate employees are still free to give their contributions to union or corporate committees, but they may also give directly to a candidate. But neither the union nor the corporation can give funds independently of the limited contributions of its members. The recipient of a contribution would be obliged to give the donor a receipt, which would be filed with the tax return, and to send a duplicate of the receipt to the Internal Revenue Service. Illegal contributions would show up immediately at IRS.

It provides a serious candidate with all the money necessary to run a decent campaign. Any aspirant who cannot attract enough support translated into contributions ought not be running anyway. Margial candidates, maintained by mysterious money, would disappear; "spoilers" who run to defeat others rather than elect themselves would be exposed.

It disposes of one of the most difficult problems of public financing—some kind of necessarily artificial formula for distributing tax funds to candidates. Under this proposal, incumbents and challengers, party members and independents, will have equal access to financial support, though newcomers, as they do now, will have the initial problem of making their views known. The voters, by their contributions, will define a "major" candidate or a "serious" party. It is worth noting that in its recent decision, the Supreme Court assumes that we have a two-party system and other efforts are to be considered irregular and evanescent. This comes as a surprise to historians and surely complicates the analysis of, say, the elections of 1860 and 1912, usually considered important by most scholars.

It provides a strong incentive for registration because the credit is available *only* to registered voters. Coupled with mail registration, this system could stem the embarrassing decline of voter participation.

It is easily administered and monitored; the machinery is already in place, but instead of the present $1 credit, the allowance is simply increased.

It builds accountability into campaigning. Those who contribute will soon, no doubt, want to know from the candidate where the money went. At present, a donor has no idea. Usually, a disproportionate amount goes to support bloated staffs at unnecessary headquarters, or is thrown into "programmed" advertising dreamed up by hired public relations firms, or is swallowed by what is euphemistically called the "expenses" of the candidate's managers.

It would end the demeaning and time-consuming part of the candidate's chores of fund raising. Instead of submitting to the brutality of endless rounds of cocktail parties and dinners, candidates could spend their time persuading ordinary voters of the importance of their efforts.

Perhaps most of all, it frees candidates to propose what they want and to say what they believe. Candidates would no longer have to trim their opinions to suit the views of a relatively few wealthy contributors.

Moreover, since it operates at state and local levels, it affects all elections, not just federal ones. This is important because most candidates accumulate their political debts at the local level long before they run for federal offices. It doesn't take much money to help out someone running for the city council or the state legislature, and by the time the candidate heads for the federal stage the "contracts" have all been let.

It also encourages elected officials to keep their constituents informed and serviced, because a voter could choose to give to an incumbent even if that incumbent were not running in a particular year.

In short, the $25 tax credit equalizes voters and brings them all into the financing of the political process. If there is to be public financing, and that is inevitable, what better way than to broaden participation in this crucial area? Under this proposal, all serious candidates, no matter how modest their personal resources, would have a sporting chance of getting nominated and elected. And those who have exerted inordinate influence by making substantial contributions will become ordinary citizens again, using their $25 a year to sustain a genuinely democratic political system. In this Bicentennial year, it would be well to get rid of the funding fathers and get back to the principles of the founding fathers.

EQUITABLE'S INEQUITY

Mr. METCALF. Mr. President, the April 1976 issue of the Insurance Forum reports the adoption in New York of a disturbing new dividend policy by the Equitable Life Assurance Society of the United States.

The new dividend scale will pay higher dividends on life insurance policies issued by Equitable since 1967. Owners of policies issued before 1967 will continue to receive dividends at the old rate.

The payment of higher dividends on newer policies is apparently an attempt by Equitable to obtain an advantage in selling new life insurance policies. The result could be the eventual adoption by other insurance companies of dividend scales which discriminate against old policyholders.

I am alarmed by the prospect of complicated dividend formulas which will be used to increase returns on new policies in order to spur sales. Concerned policyholders and public officials should give some new thought to the adequacy of the regulatory process which permitted this discriminatory dividend policy to be adopted without public scrutiny.

Mr. President. I ask unanimous consent that the relevant excerpt from the Insurance Forum be printed in the RECORD, along with a letter sent to State insurance commissioners by Prof. Joseph M. Belth, editor of the Insurance Forum, Box 245, Ellettsville, Ind. 47429.

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

[From the Insurance Forum, April 1976]

GREAT NEWS—EXCEPT FOR EQUITABLE'S OLD POLICYHOLDERS

In April 1975, I wrote to the New York Insurance Department asking whether the Department had ever approved the use of the so-called investment-year method of allocating investment income (which is widely used in the pension business) in the determination of dividends on individual life insurance policies. I had heard that some companies were using some sort of investment-year or investment-generation approach. In response, Alvin H. Alpert, chief of the life bureau of the Department, wrote as follows:

"To date no life insurance company using the investment-year method has requested approvel to use this method within the ordinary life branch. On a purely theoretical basis, there does not appear to be anything objectionable to such an approach. From a practical standpoint, any company attempting this would have a monstrous and costly task even with a new generation computer. A company would have to calculate separate investment-year rates for each year it was using this method and each rate would have to be applied to a portion of the initial policy reserve for the current year. Because of the difficulties that would be encountered in examining the complex calculations of the interest contribution factor portion of the dividend and the possibility of errors and manipulation, if such an approach were ever adopted, the Life Bureau would insist upon extensive safeguards and would possibly wish to review the feasibility of auditing the computer program."

In the January 1, 1976 issue of *Probe* in an article entitled "Good-bye Portfolio Rate and Mutuality," Halsey D. Josephson gave an example of a company's 1976 dividend scale announcement that "the scale recognizes that the rate of investment return is greater on funds that support recently issued policies than it is on funds supporting older ones." I wrote Mr. Josephson to ask what company's announcement he had quoted from, and he said it was The Equitable Life Assurance Society of the United States. Meanwhile, also in January 1976, Mr. Alpert informed me that "the Equitable had recently requested approval for a change in its investment-year method filing, to allocate investment income within the ordinary life and individual annuity lines of business, in order to be able to use different dividend interest rates, depending on policy year of issue. After a considerable amount of discussion, the company was granted an approval on a conditional basis. The approval was limited to one year, and furthermore, was subject to being withdrawn by this Department at any time, without notice, if it is determined that the method of investment income allocation is inequitable. With respect to the replacement problem, we were satisfied that the method of determining the divided interest rates would not encourage older policyholders to replace their policies."

The Equitable has estimated that its new dividend scale will result in about $253 million in individual life insurance and annuity dividends in 1976—about $12.9 million more than in 1975. Of the increase, about $8.7 million is a result of more insurance being in force, and about $4.2 million is a result of the change in the dividend scale. The new scale results in substantially improved dividend illustrations for new business. Dividends are substantially improved for policies issued in 1971 and later. Dividends are improved somewhat on policies issued from 1967 to 1970. And there is no change in the dividend scale for policies issued prior to 1967. In short, the $4.2 million of improvement in the 1976 dividend scale is being used solely for the benefit of policies issued in 1967 and later. Furthermore, for policies issued in 1971 and later, and for dividend illustrations, the improvement in dividends is greater for policies of $25,000 or more, than for policies smaller than $25,000.

I wrote to the Equitable about the change, and a company actuary explained in general terms the nature of the 1976 dividend scale. He implied that the change was consistent with the principles of equity, since the new scale "was developed after elaborate investment year calculations that show the rate of interest earned on funds that support poli-

cies issued in different issue years." He made no reference in his letter to marketplace considerations, although the improved dividend illustrations were the subject of such nuggets as these, which appeared in promotional literature distributed late in 1975 to agents of the company:

Announcing the biggest and best dividend scale in Equitable history—a competitive breakthrough.

A history-making change to reflect current investment yields in illustrating dividends, plus outstanding investment performance, combine to produce dramatic competitive gains.

The greatest competitive advance is in the biggest and best market—the $25,000 and larger permanent insurance policies.

Great news! Dramatically improved net insurance cost illustrations put Equitable in forefront of industry competitively.

Illustrations of the already-popular Executive policy will make it virtually unbeatable in competition with similar policies.

In the business insurance market, where competition is most keen, the new scale will allow higher illustrations on Split Dollar, Deferred Compensation, Sole Proprietor, Stock Redemption, Partnership Plans.

Timely illustrations of tax-saving Individual Retirement Account plans can help boost year-end sales and lay the groundwork for gains in 1976.

In my opinion, the Equitable's 1976 dividend scale represents a major development in the life insurance industry. Although the actuaries may be able to defend it as an improvement in equity, I fear that it is fundamentally an expedient way to deal with temporary market conditions, and that it will come back to haunt the life insurance industry. Furthermore, I am concerned about the speed with which the New York Insurance Department capitulated on this issue. And finally, I am troubled by the fact that the details of the change have been shrouded in secrecy. I asked the New York Insurance Department for a copy of the company's request and a copy of the Department's approval of the request. Mr. Alpert responded as follows:

"It is the decision of the Department that, primarily for the reason that the company's request contained information relative to that company's internal procedures and our reply to the company refers in detail to this information, we cannot properly release this material to other parties. Should we at any time in the future decide to use such material as the basis for industry-wide procedure or regulation then we would make the details and procedure available to all concerned. We have no objection, however, to having you obtain this material directly from the company, if they wish to provide it."

I wrote to the Equitable, quoted the above statement from Mr. Alpert, and asked for the material. The request was denied. Until such time as the New York Insurance Department and the Equitable make a full disclosure of the details of the company's 1976 dividend scale, I believe observers are justified in viewing this important development as an example of the way in which old policy holders are thrown to the wolves in the race for sales volume.

[From the Insurance Forum]

MEMORANDUM

APRIL 12, 1976.

To: State Insurance Commissioners.
From: Joseph M. Belth.
Subject: Dividends on Participating Life Insurance Policies.

Please refer to the article entitled "Great News—Except for Equitable's Old Policyholders" in the enclosed April 1976 issue of the Insurance Forum.

It is my understanding that numerous companies are using some sort of investment year method in the determination of dividents on individual life insurance policies and individual annuities. However, I believe that the Equitable is the first company to do so with the expressed approval of a regulatory agency. Furthermore, an Equitable executive has stated that the company believes the change will provide a competitive advantage to the Equitable for only one year, because other major companies are expected to follow suit.

I urge your close attention to this development, which in my opinion is the most significant and far-reaching development concerning surplus distribution in life insurance companies since the introduction of tontine policies (ironically, by the Equitable) in 1868. It involves highly complex issues. Boiled down to its essentials, however, it means that dividends will be larger for recent buyers and smaller for long-time policyholders than would have been the case under the previous method. It is particularly significant that the details of this development have been shrouded in secrecy by the Equitable and by the New York Insurance Department.

The May 1976 issue of the Insurance Forum will contain another article about this development. Also, the Drake Law Review article referred to in "What Is 'Rigorous' Disclosure?" in the enclosed issue contains a discussion of periodic disclosure after the sale, which is one way in which to alert long-time policyholders to what is happening. I would be pleased to send you a complimentary copy of the May 1976 issue of the Insurance Forum and a complimentary reprint of the Drake Law Review article if you would like to see them. Just drop me a line and ask for them.

NO URGENCY TO B–1 PROGRAM

Mr. CULVER. Mr. President, this morning's New York Times has an excellent editorial on the B–1 bomber.

Calling President Ford's statement on this program last week a "substitution of political 'wisdom' for sound defense judgment," the Times says that there is no urgency to the B–1 program which would justify a go-ahead decision at this time.

"In these circumstances," the editorial concludes, "the Senate will be derelict in its duty if it fails to delete B–1 production funds from the defense budget or, at a minimum, forbid their expenditure until the next administration can review the facts early in 1977."

Mr. President, I believe that the person elected President next November deserves a free choice on this costly and controversial program, a decision which should take into account all of the test results and the budget priorities at that time. It would be wasteful if a billion dollars from our taxpayers is irrevocably committed to this program, when a sober, post-election judgment might be different.

In order that the President next February may have that freedom of choice on this program, I intend, if the Senate prefers to continue the B–1, to offer an amendment to forbid obligation of procurement funds until and unless the President in February 1977, decides that the program is in the national interest.

Mr. President, I ask unanimous consent that the New York Times editorial to which I referred be printed in the RECORD.

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

[From the New York Times, Apr. 26, 1976]

B–1 POLITICS

President Ford's decision to proceed with the building of the controversial B–1 supersonic strategic bomber is the substitution of political "wisdom" for sound defense judgment.

Testing and development of the plane is not even to be completed before November; the decision on whether to go into production was supposed to be taken then. Mr. Ford's perceived need to rebut former Governor Reagan's attacks on his defense program is what undoubtedly has led him now to jump the gun. The projected fleet of 244 B–1 bombers is estimated to cost the staggering sum of $21.4 billion.

The Congress, however, has the real power of decision—the power of the purse. Mr. Ford's premature announcement last week provides added reason for the Senate to withhold the $948 million in production funds requested in the Administration defense budget and approved by the House for the fiscal year beginning Oct. 1 on assurance that this expenditure would await satisfactory completion of the test program.

The Pentagon itself is divided over the B–1. Former Defense Secretary Schlesinger was known to prefer a much cheaper "standoff" bomber, designed to fire cruise missiles from a distance rather than to penetrate Soviet air defenses, a solution that would save $10 billion to $15 billion over the next decade compared to the B–1.

There is no urgency to the B–1 program that would justify Mr. Ford's decision. The existing B–52 strategic bombers have at least another decade of life and late-model B–52's will remain structurally sound into the 1990's. The Pentagon plans in the early 1980's to equip many of them with long-range cruise missiles, now under stepped-up development, and Moscow has agreed that limited but substantial numbers will be permitted under the projected SALT II treaty.

In these circumstances, the Senate will be derelict in its duty if it fails to delete B–1 production funds from the defense budget or, at a minimum, forbid their expenditure until the next Administration can review the facts early in 1977.

FARMERS SHOW THEY CAN MOVE EXPORT GRAIN

Mr. McGOVERN. Mr. President, earlier this year on March 4 I inserted a news story from the NFO Reporter, the official newspaper of the National Farmers Organization, telling of that organization's efforts to move 350,000 bushels of quality soybeans down the Mississippi River, load them for overseas shipment at New Orleans without going through any terminal elevator, and send them on their way to Rotterdam.

The April issue of the NFO Reporter carries a story of what happened on the other end. The able president of the NFO, Oren Lee Staley, went to Rotterdam to inspect the quality of the product and to oversee the unloading. The cargo arrived in excellent condition and was well received by the purchasers on the other side of the Atlantic.

Mr. President, I think that as the Senate proceeds to consider grain inspection legislation it is timely for the RECORD to contain two stories from the April issue of the NFO paper, and I ask unanimous consent that an article entitled

"NFO's Export Cargo Arrives OK" and a further article entitled "The President's Messsage" be printed in the RECORD.

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

NFO'S EXPORT CARGO ARRIVES OK; STALEY TELLS BUYERS WE MAY HAVE MORE

NFO's first cargo of export soybeans has been delivered in excellent condition at Rotterdam and NFO officials who were there have, as a consequence, met many European buyers to tell them "there's more quality grain and beans where those beans came from."

President Oren Lee Staley and Fred Olson of the NFO Grain Department flew to Rotterdam to open the ship's hatches on the NFO beans and contact potential buyers. They met with buyers at the ship, at lunches and dinners and in their offices at Rotterdam, the Hague and London.

Meantime, NFO members have been delivering Montana wheat and Midwest corn, sold to Japanese and Netherlands buyers, to move by rail to Seattle, Wash., and Houston, Tex, for export.

The corn, originally scheduled to be on a boat headed to Europe by now, has been delayed for more than 10 days by railroad embargoes of shipments into the Port of Houston. The port is crippled and can't load ships as fast as grain is arriving by train. An elevator that handled 30% of the Houston volume recently exploded and another is partially crippled by a fire, slowing movement of all grain scheduled for export through the city.

The Montana wheat was enroute to Seattle as this reporter went to press April 19. It is scheduled to be aboard ship May 7.

New offers of grain and soybeans for direct export have now been made by the NFO Grain Department. Offers are made only after members have signed to deliver production for export and blocks large enough to fill a sizeable order have been assembled and can be moved without delay.

THE PRESIDENT'S MESSAGE

(By Oren Lee Staley)

I have just returned from Europe having followed our first shipment of direct farm export grain, which was soybeans.

The shipment of soybeans arrived in excellent condition.

The purpose of the visit was to get a first hand understanding of the movement of grain in Europe, to look over the delivery system in Europe and to contact potential buyers.

Fred Olson of the NFO Grain Department, who has broad experience in handling grain, went with me. Foreign buyers are deeply concerned about the quality and grading of grain. I assured them that American farmers are deeply concerned about the same matter because they know the grain they produce is of good quality and they can't understand why the grain delivered to our export customers is of such poor quality.

The grain imported by Europe is transported internally from the docks where it is unloaded in small boats on a canal and waterway system to processing plants and to feed compounders. Mosts of the feed used in Europe is put into pellets in the form of complete rations and bulk delivery is made to the farms.

We were able to visit with the various buyers throughout most Europe. Through past contacts I was able to visit with European farm leaders and spent some time visiting with actual farmers.

Farmers are the same there as they are here and they are faced with the same problems. I felt that my own farming experience gave me the necessary background to communicate with buyers and farm leaders because the grain that goes into livestock feed and to dairy producers has a value based on its nutritional contents.

We had long discussions on how new formulations of determining value of grain can be put into effect. We will be keeping in close contact with the foreign buyers as we prove our capabilities of delivering a quality product. We must remember the unpleasant reputation that the USA has now concerning poor quality grain. The foreign buyers will not pay premiums for quality until they are sure that top quality is being delivered and that there is a big volume of production available for delivery.

To correct the problems that have grown in grain marketing is going to take time. As we prove ourselves by proving our capabilities both as to quality and volume, we will be able to make progress toward greatly improving the marketing of grain. This will have a two-pronged effect. Over a period of time we will be able to take step by step advances toward pricing our grain at the cost of production plus a reasonable profit. And every time that farmers deliver top quality grain to foreign buyers it will mean that present companies selling to foreign buyers will have to improve their quality.

NFO will probably not get credit for bringing about improvement, but we have already caused many changes to come about in marketing and I am very confident after having studied the movement of grain, the facilities and the needs of the foreign buyers that we can arrive on new formulations of pricing grain that will change the whole marketing pattern of grain to the benefit of farmers.

We have more grain ready to move for direct farm export. Everytime we move out a volume of grain it will mean that domestic prices will be affected because when grain moves into new marketing patterns everybody has to bid up. Now we will have the alternative of going domestic or farm export. It's exciting, it's dynamic and it requires understanding.

We must not take our eyes off the goals of the NFO. And that is farmers pricing their grain and their products at the cost of production plus a reasonable profit.

I heard a discussion of how the oil companies priced oil out of the Middle East so they could get their investment money back and make a profit.

This ties in with an impression and facts that stand out in my mind. Everywhere I went I could feel the impact of our nation. I saw a system, extended from the USA, where everybody prices their products except farmers and everybody else wants to get hold of farmers' products and make a profit off of them. It became clearer and clearer to me how impossible it will be for farmers to survive in the future without a nationwide structure with the capabilities of pricing our products based on the cost of production plus a reasonable profit.

It hasn't been easy to get where we are. It won't be easy from here on in. But we are a long ways up the hill and if we keep driving ahead and uniting our strength the end result will be equity and justice for the farmers in this nation.

JOINT ECONOMIC COMMITTEE HOLDS HEARING ON THE BUSINESS OUTLOOK

Mr. HUMPHREY. Mr. President, on March 5 the Joint Economic Committee concluded its annual hearings on the Economic Report of the President with a hearing on the business outlook. We received testimony from two distinguished members of the business community, Mr. James Needham, chairman of the board and chief executive of the New York Stock Exchange and Mr. Charles G. Bluhdorn, chairman of Gulf and Western Industries.

Mr. Needham expressed concern that in the years ahead, a shortage of investment capital could "readily thwart the longrun solutions needed to help create the millions of permanent new jobs needed to keep an expanding labor force actively and productively employed." He stressed that even if private business raises $25 billion a year through the issuance of common stocks in the next decade, there will still be a capital shortage of aproximately $650 billion.

Mr. Needham believes that there is presently some concern in the business community about the Federal Government's fiscal policies. Mr. Needham's belief that businesses are unwilling to increase investment expenditures is based on the assumption that the business community perceives large Federal deficits as the cause of inflationary pressures and as a major factor in crowding private business out of the financial markets. Mr. Needham stressed that present Federal regulatory investment requirements, present withholding taxes on foreign portfolio investments in U.S. securities, and capital gains tax laws also have discouraged business from expanding investment expenditures.

We all recognize the need for more capital investment if the Nation's economy and labor force are to grow and if we are to achieve price stability, but I do not accept Mr. Needham's argument that the present Federal deficit is inflationary and that the fiscal problems facing this Nation are quickly approaching a crisis stage.

The main reason for the increase in the Federal debt and the growth in Federal outlays is the recession. Every 1 percent of unemployment costs the Federal Government as much as $17 billion in lost revenues and increased costs. If the economy were operating at 90 percent of capacity, I might agree that a large Federal deficit would be inflationary. But with an economy operating at much less than full capacity and with close to 10 million people unemployed or wanting full-time work, we certainly are not going to experience demand-pull inflation.

Mr. Bluhdorn testified that he sensed a psychology of confidence in the economic recovery, but he cautioned that the recent downward trends in the unemployment and inflation rates could be reversed. He believes that undue wage increases could upset the economic recovery and stressed that "it is incumbent on all parties concerned to exercise the maximum amount of restraint in asking for and granting wage increases in order to insure continued forward progress of the present psychology of confidence." I would like to emphasize that the factor which could have the greatest effect in encouraging moderation in wage settlements would be confidence that the rate of increase in consumer prices will continue to decline. An effective price-incomes policy, of which I have long been

a strong advocate, would be the surest way of achieving this goal.

Mr. Bluhdorn also gave some interesting testimony concerning the destabilizing potential on our economy that the OPEC nations still possess. He emphasized that the OPEC nations are a "stubborn cancer" which has not been removed. He believes that these nations will capitalize on and obstruct our recovery by raising oil prices. He stressed his belief that "if nothing is done about the cartel, they could raise their prices to $15 a barrel by 1980 and with a continuation of trends in consumption, this would cost our Nation $60 billion a year."

Mr. President, I ask unanimous consent that the statements of Mr. Needham and Mr. Bluhdorn be printed in the RECORD.

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

STATEMENT BY JAMES J. NEEDHAM

My name is James J. Needham. I am Chairman of the Board of Directors and Chief Executive Officer of the New York Stock Exchange, Inc. I appreciate the opportunity to appear before this Committee to discuss the outlook for business in the years ahead.

I would like to focus on what the Exchange views as the major long-term problem facing the business sector—and the economy as a whole: the prospect that, in the decade through 1985, the demand for capital in this country will exceed the supply of savings needed to meet it.

To be sure, this nation has many more immediately pressing and urgent economic problems. Unemployment is still unacceptably high, even though the ½-point drop in the unemployment rate in January is a welcome improvement. Inflation is still with us, though here, too, gratifying progress has been made. The country still does not have a comprehensive energy policy, nor a viable program to deal with the financial and social problems of our major urban areas.

However, a shortage of investment capital in the years ahead could readily thwart the long-term solutions needed to help create millions of permanent new jobs to keep an expanding labor force actively and productively employed; to keep recession and inflation from taking larger and larger bites out of everyone's standard of living; to make it possible for America to achieve self-sufficiency in energy—and excellence in environmental control; and to bring our cities back from the brink of bankruptcy.

At present, there is considerable slack in the capital goods industries. Needed investments are being deferred because of adverse economic conditions and disincentives to productive investment. If we are to meet our long-term investment goals, we must begin now to promote increased capital formation and economic growth. "Later" and "too late" can prove to be the same thing.

THE CAPITAL SHORTAGE ISSUE IN PERSPECTIVE

As many members of this Committee know, the New York Stock Exchange was among the first to warn that the nation's economic and financial resources are limited, and that unless we, as a people, either scale back some of our loftiest aspirations or consciously redesign some key saving and investment patterns, we must face the reality of a serious capital shortage. Exchange economists have projected a "capital gap" of $395–$690 billion, with $650 billion emerging from alternative scenarios as the "most likely" dimension.

Our initial study was followed by three others focusing on the financing needs of American corporations—particularly in terms of future requirements for equity capital—and the international implications of a United States capital shortage. Copies of all four reports will be submitted for the record.

Several prestigious research organizations—among them Data Resources, Inc. and the Brookings Institution—and such widely respected academicians as Benjamin Friedman and Andrew Brimmer—both at Harvard University—have independently examined the capital shortage issue in some detail. Their findings tend to support the thrust—though not necessarily all the particulars—of the Exchange's research.

In recent testimony before the House Committee on the Budget, Henry C. Wallich, Member of the Board of Governors of the Federal Reserve System, expressed concern that America's capital needs may outstrip the nation's saving capacity.

"The financial and real resources needed to bring about higher rates of private investment in an economy approaching high capacity utilization will have to come from higher rates of saving. It is not certain that private saving will be adequate, particularly if savings rates return to more traditional levels. The Federal Government thus may be called upon to play a vital role in bridging the gap between private saving and desirable levels of investment." [1]

The Annual Report of the Council of Economic Advisers gave unprecedented attention to the question of capital sufficiency. The Council's analysis indicated that, to meet national goals for environmental protection and energy self-sufficiency, and to keep up with technological innovation, a decided upward shift in the ratio of business fixed investment to Gross National Product will be required between now and 1980. Specifically, over the next four years, this ratio would have to be well over 12%, as compared with 10.4% during 1971–74. The Council indicated that "to achieve this goal, increased savings incentives may have to supplement increased investment incentives once the economy's resources are utilized more fully." In other words, the Council of Economic Advisers has also concluded that, unless actions are taken to promote increased saving and investment, America may not be able to meet its capital requirements.

It is not really germane to these warnings that the nation experienced no symptoms of a capital shortage in 1975. As we, all too well know, last year was a period of depressed economic activity. Recession years typically cause curtailment of business loan demands to finance inventories, working capital, and capital investments. Housing activity also drops sharply, and weakness in consumer demands limits the expansion of installment loans. Indeed, capital shortages will not occur in every year between now and 1985. The Exchange's projections simply point to the distinct likelihood that major financial disruptions will occur over the next decade—similar to and perhaps worse than the severe capital shortage situations experienced in 1966, 1969 and 1974.

Recent events suggest that a willingness to accept slower economic growth rates may ameliorate somewhat the impact of prospective capital insufficiency. This is another way of saying that if we agree to settle for less, our goals will be easier to attain. However, the attractiveness of this alternative is considerably dimmed by the realization that lessened growth means reduced employment opportunities, rising social pressures and reduced levels of living for most Americans.

Recent economic disruptions seem to have prompted new attitudes of caution. The discussion of prospective capital shortages itself has alerted some users of funds to the risks involved in taking on excessive debt obligations, quite apart from a growing reluctance among lenders to provide the funds.

The evils of inflation are more clearly perceived today than they were as recently as two years ago. The devastating impact of double-digit inflation has led to more conservative practices. The "growth at any price" syndrome is disappearing from the national scene, in terms of both government policies and business objectives.

State and local expenditures are coming under increasingly searching scrutiny. The debacle in New York City and New York State has awakened the conscience of citizens around the country and pointed up the advantages of fiscal conservatism.

At the Federal level too, the notion that we can deficit finance almost without limit seems to be losing adherents. Blind dedication to Keynesian economic policies is no longer the rule. It seems likely that in the future, government policy-makers will give closer attention to the possibility of slowing economic growth as a means of avoiding surging inflation.

Does all this mean we can ignore the prospect of future capital shortages? Certainly not. But if awareness of a problem is the first step toward its solution then we at least have taken that first step. A fundamental economic principle has been rediscovered: there is no such thing as a free lunch. It takes work, sacrifice, and savings to generate economic growth.

THE NEED FOR EQUITY CAPITAL

While the threat of a general capital shortage is of long-term concern, the continuing critical shortage of equity capital requires immediate attention. Corporate growth cannot continue to be supported and sustained by piling new debt on the volume of debt already outstanding. Interest payments are already claiming a disproportionate share of corporate profits—and, overall, the corporate financing structure becomes increasingly shaky with each new decision to rely on more debt financing.

The continuing deterioration of key financial ratios underscores the precariousness of the financial situation at many corporations. The debt-equity ratio for manufacturing corporations rose to 43.7% in 1975, compared with 42.3% a year earlier and 30.1% just ten years ago.

Interest coverage—the measure of a corporation's ability to meet interest payments on its debt—fell to a record low of only 4.6 times pre-tax profits in 1975, compared with 5.8 for 1974 and 11.8 a decade ago.

Clearly, the accelerating reliance on debt financing must be braked—and ways must be found to attract the unprecedentedly large amounts of equity capital that will be needed in the decade ahead. In this regard, Exchange economists have projected that, on average, $23 billion in net equity funds will have to be raised in each year between 1975 and 1985. That amount is roughly twice the record of $11.7 billion raised by non-financial corporations in 1971. In 1975, net new issues of corporate stock totaled approximately $9.2 billion, up significantly from the depressed level of $4.3 billion in 1974. The excellent performance of the market, to date, suggests that corporate stock offerings may further increase in 1976. But I would not want to predict that the total—all other things remaining equal—is likely to reach $23 billion this year.

While recent developments are certainly to be welcomed, they do not suggest that the equity problems of America's corporations are on the verge of being resolved. Unfortunately, the dearth of equity in the capital structure of many corporations—and in the portfolios of individual investors—stems not from transitory cyclical factors, but rather, from basic structural deficiencies in this nation's tax laws.

Corporations today have precious little in-

[1] Statement by Henry C. Wallich, Member, Board of Governors of the Federal Reserve System, before the Committee on the Budget, House of Representatives, Washington, D.C., February 6, 1976, p. 10.

centive to issue common stock—even at relatively high price-earnings ratios. The reason is simple enough: stock dividends must be paid out of after-tax income—while interest payments are deductible expenses.

Moreover, present capital gains taxes unduly hamper the mobility of capital. What may seem to be an attractive investment switch can lose its appeal to an investor when the tax cost of the transfer is considered. The illogical treatment of capital gains and losses further reduces incentives to take risk. And the double taxation of corporate profits distributed as dividends significantly reduces potential after-tax yields, especially for those in the higher income brackets. The lack of effective incentives may be one reason why individuals have been net sellers of common stocks in every year since 1958.

Because of high debt totals and inadequate supplies of equity, corporations are now looking to the quality of their assets and the adequacy of their cash flow. They are budgeting to conserve assets, to reduce short-term debt, and to increase their equity base by retaining profits. This new climate has reduced the venturesomeness of new as well as old businesses and promises to restrain our rate of economic growth. This may be good in the sense that it moderates the claims on our financial resources and reduces the magnitude of a potential capital shortage. But, as I sugegsted earlier, reliance on this alternative is almost certain to produce a disappointing rate of new job creation, and force postponement of some of our social goals.

POLICY RECOMMENDATIONS

What then can be done to encourage saving and investment? What policies are needed to promote increased levels of equity financing—for issuers and purchasers alike?

The most direct way in which this nation can increase the flow of savings in the economy is for Congress and the Administration to join together to hold down the rate of growth in government spending. The Exchange strongly supports the President's efforts to hold the fiscal 1977 budget deficit to $43 billion. The mushrooming growth in Federal outlays—up 39% in just two years—and the alarming increases in privately held Federal debt—up $138 billion in this same period—suggest that the fiscal problems facing the nation are fast approaching a crisis stage.

To be sure, deficit spending in periods of recession may well be necessary as a means of stimulating economic activity and reducing unemployment. However, huge deficits in periods of economic expansion only serve to fuel inflationary fires and make it more difficult for the private sector to tap the financial markets.

Related to the need to hold down government spending is the necessity of bringing the capital requirements of the off-budget agencies under some control. These quasi-governmental entities have borrowed, on average, more than $11 billion a year during 1970–1975. Though it appears that their borrowing may have declined during 1975—as a consequence of the recession—in 1974, the amount raised in the credit markets by sponsored agencies was a staggering $22.1 billion. Clearly, every dollar these agencies borrow places additional strains on the ability of the private sector to secure needed funds.

As I pointed out to this Committee at hearings several months ago on the problems of small business, it is generally the newer and smaller businesses, rather than the larger and better established companies, that are squeezed out of the credit markets during periods of financial stringency. If these companies are forced to the wall for lack of capital, the competitive fabric of our economy will be weakened, and its innovative capacity eroded. And, in large part, the innovative spirit of small business is what creates new jobs, boosts productivity, and helps America maintain its position as the world's premier economic power.

Congress could make a second useful contribution toward ensuring the efficient use of available capital resources by closely re-examining the regulatory investment requirements now imposed on many corporations. These mandated investments—many in the environmental area—have not been subjected to rigorous cost-benefit analysis. The result is a significant diversion of scarce funds into activities which do not generate more productive capacity. It is difficult to justify expensive Federal regulatory requirements when their costs demonstrably exceed their value to society.

Clearly, one of the ways to help overcome deficiencies in domestic saving is to stimulate foreign investment. Foreign inflows would help put the full productive capacity of the country to work, creating additional jobs and economic opportunities. In order to stimulate foreign capital inflows, the Exchange has been recommending repeal of the present withholding tax on foreign portfolio investment in U.S. securities. This tax now acts as a disincentive to such investment, especially where the 30% withholding rate has not been modified by treaty agreements. Significantly, no such treaties have been negotiated with the capital-exporting Middle East nations. Elimination of the withholding tax would have only a minor impact on tax revenues which would be more than offset by increased revenues resulting from higher domestic incomes and profits generated by added foreign investment. A fact sheet, detailing the major reasons for elimination of the withholding tax on foreign portfolio investment, is attached to this statement.

In the area of domestic tax reforms to promote additional saving and investment, the Exchange has recommended to Congress a number of basic modifications to U.S. tax law, ranging from a complete overhaul of capital gains taxation to partial deductibility of dividends as a business expense to issuing corporations. I described the Exchange's proposed tax program at hearings held some months ago by the House Ways and Means Committee. A copy of the material submitted at that time will be provided to this Committee.

Another useful suggestion for increasing the flow of saving in the economy—and directing those savings into equity capital—is embodied in President Ford's plan to provide up to a $1,500 tax deferral for investment in common stocks. Since the details of the President's plan are still under study by the Treasury Department, it would be somewhat premature to venture any specific comments about it. As a general observation, however, I believe it would be ill-advised to require a holding period as long as seven years for securities purchased under such a program. That would tend to lock capital into established firms and make it more difficult for emerging companies to tap the equity markets. On the whole, however, we endorse the general purpose of the President's proposal.

CONCLUSION

Let me conclude on an optimistic note. Over the past several years, the stock market has had deep concerns about inadequate supplies of capital, about mounting corporate debt and deteriorating balance sheets, about sharply rising interest rates and inflation, and about declining real profits. Suddenly, the stock market has surged ahead, undoubtedly for many reasons. But above all, there seems to be greater optimism that we will not push economic expansion too hard and too fast, and that we will not tolerate another round of escalating inflation and interest rates. Inflation is down from 12% to 6%, and interest rates have fallen far faster than had been predicted just a few months ago. Investors now seem increasingly confident that inflation and interest rates can be held down and that the recovery, although gradual, will prove to be durable.

The President's Council of Economic Advisers expects a prolonged period of measured economic growth with a lessened pace of inflation. Specifically, the Council expects both real growth and inflation to stabilize at around 6% per annum. More stimulative policies, the Council argues, would restore the stop-go cycles which gave us boom and recession, high inflation and unemployment, and peak interest rates. I agree with that assessment. Apparently, the stock market does too. The expectation that the economy will break away from the inflationary, high interest rate patterns of recent years explains much of the present bullish mood of the market.

What is needed now is positive action to support our national economic policies with adequate capital investment. This nation's long-term economic growth will depend on whether capital investment and equity financing are stimulated by appropriate incentives. That is the road to less inflationary and more sustainable economic growth, to more jobs, and to rising longer-run prosperity.

MAJOR REASONS FOR ELIMINATION OF THE WITHHOLDING TAX ON FOREIGN PORTFOLIO INVESTMENT

(1) Elimination of the withholding tax would help meet America's urgent need for capital by stimulating foreign investment. The tax now acts as a distincentive to such investment, especially where it is not modified by treaty agreements. Significantly, no such treaties have been negotiated with the capital-exporting Middle East nations.

(2) The direct revenue loss from eliminating the withholding tax would be slight and would, in any case, be more than offset by increased tax revenues resulting from greater domestic incomes and profits generated by added foreign investment. In addition, employment would be stimulated and the nation's over-all balance-of-payments position would be improved.

(3) Elimination of the withholding tax would erase the discrimination between countries with which the U.S. has tax treaties and those with which it does not. It is an accepted principle of international taxation that individuals should be subject to tax in their own country of residence/nationality. Moreover, tax treaties already in effect reduce or eliminate U.S. taxes for foreign residents in most major industrial countries.

(4) The withholding tax has been used by other nations to influence foreign investment flows. For example, Canada has recently announced plans to stimulate foreign investment through selective exemption from its withholding tax on foreign portfolio investment.

(5) Elimination of the withholding tax would enhance the ability of U.S.-based multinational corporations to raise capital from abroad, reducing their demands on domestic sources of funds. Repeal of the tax would improve the United States' position as the center for international finance, as U.S. securities would become more competitive with Eurodollar and Eurobond instruments.

(6) Elimination of the withholding tax would not stimulate tax evasion by Americans sending their money overseas. Appropriate legislation could be drafted so that the withholding tax would be reapplied to countries unwilling to exchange relevant tax information with the U.S.

STATEMENT OF MR. CHARLES G. BLUHDORN

Mr. Chairman and Members of the Committee: There can be no doubt but that there

has been a substantial improvement in the outlook for the nation's economy in the last few months. The fact that both inflation and interest rates have been reduced has combined to restore the confidence factor that was sadly lacking throughout the country only very recently.

Consumer habits are based to a large degree on psychology. Words of doom and gloom have been replaced by a feeling of optimism as reflected in the performance of the stock markets in the last few months. All of this is bound to give comfort to a previously disspirited public which is rediscovering America.

I have always been the greatest optimist on America. In the moments of greatest darkness and fear I have said loud and clear that America is here to stay, and anyone who does not believe that fact had better give up on the free enterprise system, not only in our country but throughout the Free World.

Having been a most vocal supporter of our system and a firm believer in the inherent value of American capitalism, please forgive me if at this moment when we have a achieved the kind of confidence that was missing for all too long, I respectfully indulge in some cautious warnings about the future. Neither unemployment nor inflation are diseases that disappear overnight. In the case of unemployment no one in this room can be satisfied to any degree, even with the improved figures that have been forthcoming. Much determined effort must be yet brought into play to get that figure down in order to restore real health to our nation.

With respect to inflation, I submit that this monster has been only temporarily contained and can come out of hiding quickly and without forewarning.

We are facing the prospect of many wage settlements in 1976 and the progress of these negotiations between management and labor will be a high determining factor in whether or not prosperity will lead to another round of inflation, bringing with it all the self-doubt and fears of the past. Thus it is incumbent on all parties concerned to exercise the maximum amount of restraint in order to insure continued forward progress of the present psychology of confidence.

At this point permit me to reiterate my oft-expressed fear of the Organization of Petroleum Exporting Countries, commonly known as OPEC, and all that this infamous cartel stands for. I admit that this is the last thing that anyone wants to talk about now. I freely concede that I am a voice in the wilderness when it comes to this touchy subject. But someone must remind us all that this cancer has not gone away. It is still with us. Is political expediency the solution to this terminal disease?

Let me remind you of a couple of facts. When OPEC first invoked its embargo and then raised prices 400 percent, a lot of people said we would fight these fellows tooth and nail with a policy of both conservation and development of our own energy resources right here in the United States of America.

Here we are now in 1976 and I see absolutely no progress whatsoever on the part of the Congress and the Administration to get together on a meaningful wartime-like action to get our country moving away from submission to blackmail.

Far from developing and expanding our own resources, which is a matter every bit as important as our military defense budget, we are playing every day more and more into the hands of these blackmail artists.

While the nation suffered from the severest recession since 1929, the consumption of oil went down and so did the imports. But now we are going to be caught in the vicious cycle of gaining the benfits of a new prosperity and on the other hand having to pay the penalty of exuberance and forgetfulness. This will invariably lead to higher consumption of oil products in the U.S. while our own domestic production is steadily deteriorating.

During this last year we were subjected to the ridiculous situation of a ten percent increase by OPEC which was greeted with relief by most economists in the Western world. Recently a less than one percent reduction was applauded almost hysterically and taken to be the long-awaited break-up of OPEC. Nothing could be further from the truth. OPEC is stronger today than it has been since its inception. OPEC has been waiting for our prosperity to return. OPEC will use the first opportunity to hit us hard on top of the head with new increases when they see that they again have us firmly in their grasp. And what will we do?

Let's face it. We have been lousy poker players all along. We will again submit because we will be scared to death of what an effective protest could do to our resurging economy.

The most pathetic and sad part of it all is that recent reports from the automobile industry are actually indicating the fact that the American public is returning to the usage of big gas-guzzling automobiles and are spurning gas-saving small cars and mass transportation. In other words, we have learned nothing and what is actually happening is that business is back to normal. And this has got to be welcome news for all of the boys at OPEC who have just been biding their time for precisely this type of reaction.

I know all too well that there will be many economists who will point out that OPEC has actually done some good for us. Firstly, it is argued that even though we have to pay them a high price, they are buying more from us now. And then it is stated almost gleefully that some of them are running up actual deficits this year. This is causing fear to some American companies who are afraid that they will lose business in those countries. But what kind of business are they going to lose? I submit mostly monkey business.

The big export item has been military hardware, and here we are engaged in a clearly devious race with the Russians to supply the Middle East with the largest stockpile of military weapons ever assembled in one single location in the world. It has now gotten down to the point where we are also paying petrodollars to some of those fellows so they can use the money to pay off the Russians for the armaments they have been shipping in there at the same time. Don't we realize the dimensions of a powder keg explosion if someone goes insane in that area of the world or if one of the governments is overthrown by extreme radical leftists who will then be in possession of our latest military technological weapons?

What is so sad about all this that there would at least be some rhyme and reason to this cartel if they used the proceeds to help first of all alleviate the poverty of their own people, and also did something meaningful to offset the disaster they have brought upon small Third World nations that are becoming their satellites, burdened as they are by oil bills that in some cases are simply strangling them to starvation levels.

In fact, there is no human equation for all of this. Most of these conspirators are living in such unheard-of splendor as to make the fantasies of the Arabian Nights look mediocre by comparison.

May I quote from a press item that appeared in the New York Times on Saturday, February 7th: "Empress Farah of Iran has returned to Teheran after a three-week vacation in Europe. Her special jetliner from Paris was followed Thursday by an Iranian Army Boeing 707, carrying three tons of French rose marble for a new swimming pool for the royal family."

Fortunately she can afford the oil bill of her personal airplane while our own airlines have been suffering enormous deficits. I just hope that these fellows don't put machine guns in their million dollar rose marble swimming pools. If they should electrocute themselves in the process we, of course as usual, will be the ones to take the blame also for that.

I don't want you to think that everyone is tranquil about this. On July 25, 1975 two distinguished lawyers, Mr. Whitney North Seymour, Sr. and Mr. Arthur Liman, petitioned the Attorney General of the United States on our behalf, charging the OPEC countries with blatant violations of the Sherman Act. I am sad to say that we have not even received an acknowledgement. Are we living today by the double standard where the voice of Americans in protest is not heard while the red carpet is laid out in Washington for any little nation that specializes in insulting or blackmailing us on an almost daily basis. Is this what American pride is all about?

If we don't do something about this cartel, they could raise the price of oil to $15.00 a barrel by 1980 which, if trends of consumption continue, could cost us an astronomical $60 billion a year, and you can imagine what that would do to our Balance of Payments and our economy as a whole. And that is not all. Who would have dreamed of $11.00 a barrel in 1970. And who is to say that the tag could not go to $20.00 a barrel in 1980. I say that this threat is every bit as serious to our nation as was Pearl Harbor in 1941. The only difference is that this one is creeping and seemingly invisible. The other one was sudden and visible and we reacted then as Americans do when they really see a crisis for what it is.

Some years ago Mr. Khrushchev said he would bury us. Until a few days ago we had a new word in our vocabulary called "detente" which was anyway a mistake because the French President recently decreed that all Anglo-Saxon words were to be eliminated from the French vocabulary.

Since we are letting the Corcorde in, at least we should repay them in kind when it comes to sophisticated vocabulary.

Now Mr. Kosygin said the other day at the 20th party Congress that the Soviet Union is out-producing us all over the place. He also proclaimed the fact that Soviet industrial output was more than six times the annual rate of the United States and Western Europe. And he lectured us on the destructive vices of the capitalistic system. Pretty amusing, coming from a fellow who is Prime Minister of a nation that has been running around in circles trying to buy up all of our so-called second-rate technology.

Now we don't have people banging shoes on desks any more. Instead they are putting their arms around our shoulders. There is nothing like being used and abused by a nice, good-natured chap like Brezhnev, who was hailed the other day by his associates for his "excessive modesty, spiritual beauty and personal charm." It was said that he had created "a pure and cloud-like sky above us" meaning, in case you don't know, that perfect Motherland called Russia.

Now their oil production is increasing while ours is decreasing. Their oil price is conveniently pegged to OPEC. Our grain is sold at a free market price under the Free Market system, which they so richly criticize but enjoy all the benefits of. I personally can't see anything wrong with swapping these fellows one bushel of our wheat against one barrel of their oil on a government-to-government basis. Just why do we always have to be the suckers?

I believe in our system of government and I believe in the free enterprise system, and I know that the Russians will never bury us—not in this century or in any other century

to come. Our people have always been the best and the strongest when they have not had blindfolds covering their eyes. The shock of the last 2 or 3 years brought a lot of us to our senses and made us tighten our belts and through hard discipline restore credibility to our country. Let us not now get lost on the road to progress by forgetting the things that must be remembered and dealt with if we are to survive and be a strong and free nation not subject to the whim of others.

THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, in continuing my unending support for the U.S. ratification of the Genocide Convention, I would like to clarify article VIII of the convention in order to eliminate the confusion that appears to exist concerning its intent.

The article states that Contracting Parties desiring to may—

> Call upon the competent organs of the United Nations to take such action under the Charter of the United Nations as they consider appropriate for the prevention and suppression of acts of genocide or of any of the other acts enumerated in Article III.

Many people feel that the scope of power of the United Nations will broaden because of this article. That is a totally absurd conclusion.

Should a mass murder jeopardize the human rights of others or threaten world peace then certainly that would require the attention of the United Nations. The article specifically says that it applies only to "action under the Charter of the United Nations" by which it limits its own realm of power. Article II of the charter includes the clause, "proscription against intervention 'in matters which are essentially within the domestic jurisdiction of any state.'" This is another piece of evidence which shows that the United Nations does not seek to overstep its limits of power.

Mr. President, as Rita Hauser once pointed out,

> Massive horror anywhere affects all the world and is usually associated at some point with threats to or breaches of international peace and security.

In this year, the 200th annual celebration of our triumph for human freedom and peace in the world, let us reaffirm our belief in the importance of that freedom and peace by ratifying the Genocide Convention.

WATER RIGHTS IN ARIZONA

Mr. GOLDWATER. Mr. President, recently Senator TED KENNEDY of Massachusetts introduced a bill that would bear very heavily upon the relations of the Indians of Arizona with the non-Indians of Arizona. It would likewise bear heavily upon the water rights of these Indiana tribes, that have been recognized in perpetuity by Arizona and other basin States, as not only being recognizable but legitimate. Whoever convinced Senator KENNEDY, a resident of Massachusetts that he should get into an ancient problem in Arizona is beyond me—but somebody has sold him a bill of goods. I think as time goes on, Senator KENNEDY is going to be very sorry that he ever got into it.

First of all, before I would ever introduce a bill that had something to do with the people of Massachusetts, I would confer with both of their Senators. When I first heard of the possibility of his introducing this bill that would affect all of the citizens of Arizona, I conferred with him. He told me that he would keep me posted and would do nothing without consulting me. However, he did not do this and I do not mind saying that I do not like it, because if there is one thing that should exist between the Members of Congress, it is a desire to level with each other relative to what might be done about legislation to be introduced concerning someone else's State.

I know that Senator KENNEDY is a particularly highly educated man, probably having a background covering the entire United States above any other Member of Congress, but when he injects himself into a problem that Arizonans and their Indians have long ago solved, he is doing one of two things—exposing a complete lack of knowledge on the subject or exposing himself to the pressures exerted from certain Indian lawyers who get paid a major fee of 20 percent on whatever the Indians be granted. If Congress wants more information on what these earnings might be, particularly by formers Members of this body, I might just be inclined to introduce them into the RECORD. Maybe the Senator from Wisconsin could give them the Golden Fleece Award of the Century.

Mr. President, I ask unanimous consent that an editorial appearing in the Phoenix Gazette entitled "No Friend of Arizona" be printed in the RECORD.

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

[From the Phoenix Gazette, April 16, 1976]

NO FRIEND OF ARIZONA

With a friend like Sen. Ted Kennedy, Arizona certainly doesn't need any enemies. A bill he has introduced with the hollow promise of expediting completion of the Central Arizona Project threatens instead to pit Arizonans against one another in a fight that could endanger the project.

If Arizonans continue to stick together as they have over a half-century during the hard struggle for the CAP, however, they will prosper together. By engaging in the fratricidal fight Sen. Kennedy apparently would like to see, Arizonans may wind up doing without Colorado River water.

In a shocking breach of faith, Sen. Kennedy introduced a bill to delineate Indian water rights here within the framework of the Central Arizona Project. He offered the bill to the surprise of Arizona's senators despite a promise to consult with them before introducing such a measure.

Kennedy plainly enough is trying to enhance his image as the champion of minorities at the expense of Arizonans, Indian and non-Indian. Under terms of the legislation, five central Arizona tribes would share rights to far more water than they could realistically use. There may even be more water than could be used on arable Indian lands.

The Indians would get the scarce water, of course, at the expense of non-Indian farmers. The bill even envisions abandonment of the mammoth Wellton-Mohawk Project, a move that would devastate the economy of southwestern Arizona. Plainly, Sen. Kennedy does not understand that Indian and non-Indian economies in Arizona are linked, and Indians will not prosper if the non-Indian economy in the rest of the state sags.

The bill is so poorly conceived that it stands no real chance of passage. Not a single member of the Senate Interior Committee would have anything to do with it. But the bill can be an irritant—unless Arizonans, Indian and non-Indian, are wise enough to ignore it, and settle the matter reasonably among themselves.

E PLURIBUS UNUM: BICENTENNIAL CHALLENGE

Mr. ALLEN. Mr. President, in conjunction with the Nation's Bicentennial Celebration, the Huntsville, Ala., Chapter of the Association of Retired Federal Employees heard an address by Mr. Kenneth N. K. Abel on the subject "E Pluribus Unum: Bicentennial Challenge".

Mr. Abel is a former professor of economics who, before his retirement from civil service, held a number of responsible positions as an economist for agencies of the Federal Government. His specialty was in fiscal and monetary analysis and in economic stabilization, and he has written historic accounts of World War II and Korean war tire rationing and price control programs. He has continued his writing through contributions to various Government publications, to the Encyclopaedia Britannica, and his paper "Stabilization of the American Economy, 1974–76" was published in the "Report on the Financial Conference on Inflation."

Mr. President, I ask unanimous consent that Mr. Abel's speech on the Bicentennial be printed in the RECORD.

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

E PLURIBUS UNUM: BICENTENNIAL CHALLENGE

(By Kenneth N. K. Abel)

The Bicentennial year, through which we are presently passing, will climax on 4 July 1976, the 200th anniversary of the adoption by the Second Continental Congress of the Declaration of Independence. The climactic day will doubtlessly be one of outstanding pyrotechnic celebration, appropriate, of course, to the occasion. We shall, however, short-change both ourselves and our descendants if we fail to make sure that the Bicentennial observance goes beyond mere mindless celebration.

In this brief lull, before the sound and fury of partisan campaign oratory reaches a crescendo in the summer and fall of 1976, we should pay a debt to ourselves by refreshing both recollection and understanding of the efforts through which a scattering of aggrieved colonial subjects asserted their right to shape their own destiny and then exercised that right by developing a new government, a new nationality, and a new civilization. Such a quest for historical significance and contemporary relevance, as distinguished from simple-minded theatrics, dictates the review of developments over a 27-year period, in which the Declaration is the pivot in the march from discontent to fulfillment.

As a first approximation and starting point, let us indulge in a very broad-brush

survey of major developments in the American experience from 1764 to the establishment of a true national identity in 1791.

TOWARD INDEPENDENCE

After providing loyal support to the British Crown during the Seven Years' War (commonly known in this country as the French and Indian War) through 1763, the American colonists were stunned and angered by British enactment in 1764 of the Sugar Act and Currency Act and by the decision of the British Chancellor of the Exchequer to enforce various restrictive trade laws, long-ignored under a previous policy of "salutary neglect."

Over the ensuing decade, the anger of the colonists progressed into bitterness, defiance, and alienation as subsequent acts of harassment were imposed by the British government and as colonial protests were disregarded. In an atmosphere of mounting tension, incident followed incident—the quartering of British troops in New York (1766), the stationing of British troops in Boston (1768), a general colonial boycott of British goods (1769), the Boston Massacre (1770), the burning of the British customs schooner Gaspee (1772), the Boston Tea Party conducted by the Sons of Liberty (1773), further tea "disorders" in New York and Annapolis harbors (1774).

In reprisal for the Boston Tea Party, the British Parliament, at the urging of King George III, adopted in 1774 a series of four "Coercive Acts," including one to close the port of Boston. These punitive acts against Massachusetts, taken together with the Quebec Act of the same year, were regarded by the several Colonies as "Intolerable Acts." The resulting widespread indignation led to the calling of the First Continental Congress, which met in Philadelphia in September-October, 1774. This Congress declared the Intolerable Acts to be unconstitutional, petitioned the King to rescind them, and resolved to meet again on 10 May 1775 (as the Second Continental Congress) if by that date there had been no redress of grievances.

Instead of any effort toward reconciliation, the Parliament, in March, 1775, enacted a law barring the New Englanders from the North Atlantic fisheries and forbidding those Colonies from trading with any nation but Britain; one month later these restrictions were made applicable to five more of the Colonies.

In April, 1775, the British General Gage received orders to use force if necessary to enforce the "coercive" and other restrictive acts. Gage thereupon ordered the ill-fated march on Lexington and Concord to destroy the military stores of the Massachusetts militiamen—and, if possible, to capture the patriot leaders, John Hancock and Sam Adams.

On the heels of the disaster visited upon the British troops returning from Concord to Boston, the Massachusetts militiamen laid siege to the British forces occupying Boston. And, in short order, Ethan Allen and his Green Mountain Vermonters captured the forts and cannon at Ticonderoga and Crown Point on 10 May 1775.

Meeting in Philadelphia on the same day, 10 May 1775, the Second Continental Congress acted to constitute the militia forces besieging Boston as the Continental Army. On 15 June, by unanimous vote, the Congress designated one of their own members, George Washington, as Commander-in-Chief of the Continental Army. Washington formally accepted the appointment on the following day and offered to serve without pay. The day after Washington's acceptance in Philadelphia, the battle of Breed's and Bunker Hills was fought—two weeks before Washington was able to reach the Boston area to take formal command of the 14,000-man Continental Army.

In July, 1775, the Congress addressed the "Olive Branch Petition" to King George, in what was to be the final colonial effort to effect a peaceful reconciliation. In rejecting this petition in November, 1775, the King proclaimed the American Colonies to be in open rebellion and then followed this with a proclamation closing the Colonies to all commerce, effective 1 March 1776.

These Royal actions, followed on 15 January 1776 by publication and by subsequent wide distribution of Thomas Paine's pamphlet "Common Sense," produced a rapid crystallization of public sentiment in favor of complete independence from Britain. By 15 May, North Carolina and Virginia had authorized their representatives in the Congress to vote for a declaration of independence. On 11 June, the Congress appointed a committee—consisting of Thomas Jefferson, Benjamin Franklin, John Adams, Robert Livingston, and Roger Sherman—to prepare a draft of such a declaration to justify the act with an explanation of reasons. On 2 July, the Congress took from the table and adopted without dissent the simple resolution which had been introduced by Richard Henry Lee on 7 June, that the United Colonies "are, and of right ought to be, free and independent States."

The Congress next took up for consideration the form and content of the draft Declaration, which had been prepared by Jefferson with a few changes offered by Adams and Franklin. After voting several further changes to the draft, the Congress, on July 4th, voted, without dissent, but with New York's delegates abstaining, to adopt the amended Declaration of Independence.

The Declaration was first publicly proclaimed in Philadelphia on 8 July and was read before General Washington and his troops in New York City on the following day—on which day the New York Provincial Congress voted to endorse the Declaration. On 19 July, the Congress ordered that the Declaration be engrossed on parchment for the signature of the delegates. On 2 August, most of the 55 signatures were affixed. At the signing of the Declaration, Benjamin Franklin made the classic observation, "We must all hang together, or assuredly we shall all hang separately." (This remark must be understood as something more than mere whimsy when it is recalled that when General Gage offered amnesty to all militiamen who would lay down their arms and reaffirm allegiance to the Crown just before the Battle of Bunker Hill, he made two specific exceptions to the offer of amnesty: Sam Adams and John Hancock. John Hancock, who served as president of the Second Continental Congress was, of course, the first to sign the Declaration of Independence. Sam Adams was also a signatory.)

FROM INDEPENDENCE TOWARD NATIONHOOD

The immediate and primary concern of the day was independence, but also, of necessity, union. The thirteen colonies had laid claim to being "sovereign States." By the Articles of Confederation, drafted in July, 1776, by a committee headed by John Dickinson, but not finally ratified until 1 March 1781, these sovereign States were associated together in a "firm league of friendship" and "perpetual union." By 1782, the idea of American nationhood had gained sufficient strength that the design of the "Great Seal of the United States," adopted in that year, would depict an American eagle, holding in its beak a ribbon bearing the motto, "E Pluribus Unum"—"Out of Many, One."

Growing dissatisfaction with the lack of unity among the States and with the weakness of the central government under the Articles of Confederation, led to a call by the Congress of the Confederation, inviting all the States to send delegates to a convention in Philadelphia on 14 May 1787 for the purpose of revising the Articles of Confederation. Upon meeting, the Convention elected George Washington as their presiding officer. Conceiving their task to be "to form a more perfect union," the delegates proceeded to develop a constitution for a strong Federal Union. The draft Constitution was approved by the convention delegates on 15 September 1787 and ordered to be engrossed. After the reading of the engrossed copy two days later, Benjamin Franklin made a strong appeal to each delegate to "doubt a little of his own infallibility, and to make manifest our unanimity, put his name to this instrument." Thirty-nine of the fifty-five delegates subscribed their names.

As reported by James Madison—"Whilst the last members were signing, Dr. Franklin, looking towards the president's chair, at the back of which a rising sun happened to be painted, observed to a few members near him, that painters had found it difficult to distinguish, in their art, a rising from a setting sun. 'I have; said he, 'often and often, in the course of the session, and the vicissitudes of my hopes and fears as to its issue, looked at that behind the president, without being able to tell whether it was rising or setting; but now, at length, I have the happiness to know that it is a rising, and not a setting sun.' "

On 28 September 1787, the Congress of the Confederation voted to refer the proposed Constitution to the State legislatures for submission to special ratifying conventions. The immediately ensuing campaign for adoption was spearheaded by James Madison, Alexander Hamilton, and John Jay, in the form of a series of 77 essays, known as the "Federalist Papers" and signed in all cases by the fictional "Publius."

During the month of December, 1787, three of the nine States needed for adoption voted to ratify—Delaware, Pennsylvania, and New Jersey, in that order. By 7 February 1788, three more States had ratified—Georgia, Connecticut, and Massachusetts. By 21 June of that year, ratification by the required nine States was completed by the favorable action of Maryland, South Carolina, and New Hampshire. Virginia and New York followed suit within another month. This left only two States still undecided, as of August 1788; of these two, North Carolina voted ratification on 21 November 1789 and Rhode Island belatedly ratified on 29 May 1790.

On 2 July 1788, Cyrus Griffin, the President of the Congress of the Confederation, announced that the Constitution had been ratified by the required nine States, and, on 13 September, the retiring Congress selected New York as the site of the new government and, likewise, set the dates for the election and installation of the new President and Congress.

The Presidential electors, selected in January 1789, cast their votes on 4 February for President and for Vice-President. On 6 April 1789 the ballots were counted in the newly elected Senate, and the results were announced—George Washington elected President by unanimous choice (69 votes); John Adams elected Vice-President (34 votes). John Adams assumed office on 21 April. George Washington was inaugurated as the first President of the United States on 30 April 1789.

AN AMERICAN NATION

As the Revolutionary War was concluding, an English view of the future of America was aptly expressed by an English clergyman, Josiah Tucker:

"As to the future grandeur of America, and its being a rising Empire under one Head, whether Republican or Monarchical, it is one of the idlest and most visionary notions that was ever conceived even by writers

of romance . . . The Americans will have no Center of Union among them, and no common interest to pursue, when the power and government of England are finally removed. Moreover, when the intersections and divisions of their country by great bays of the sea and by vast rivers, lakes, and ridges of mountains—and, above all, when those immense inland regions beyond the back settlements, which are still unexplored, are taken into the account, they form the highest probability that the Americans never can be united . . . under any species of government whatever. Their fate seems to be—a disunited people, till the end of time."

Although, at that time, there was ample reason for a pessimistic view of the future of America as a united and successful nation-state, it is ironic that this literate and articulate Englishman should have placed such great and mistaken emphasis upon geographic factors. In point of fact, the greatest obstacle to American unity posed by a geographic factor lay in the territorial disputes among several of the American States in regard to jurisdiction and ownership of great expanses of land west of the Appalachians. Yet, this problem proved speedily solvable even under the Confederation, which climaxed its brief career by adoption of the Northwest Ordinance on 13 July 1787, while the Constitutional Convention was in progress. The lack of a "Center of Union" was the more formidable problem. But that obstacle was also overcome by the development and adoption of the Constitution, providing for a strong Federal Government with limited but direct authority over its citizens.

In the short space of six years, following the successful conclusion in 1783 of the War for Independence, the "disunited" Americans had paved the way for career development of a strong American nation. This was accomplished because there was a *will* among the people for American unity and an American identity—an American *national* identity.

As late as 1790, the year of the first U.S. Census, only 60 percent of the American population was of English stock; as much as 25 percent was of non-English-speaking stock—German, Dutch, French, Swedish, Spanish, and "other." Before the Revolutionary War, Benjamin Franklin, viewing a Pennsylvania that was roughly half German, was apprehensive about the divisive potentialities of language differences. This ethnic and language diversity could have been a very substantial bar to the development of American nationality, but it yielded to the popular will to become American and to become *just* American—without a hyphenated prefix like "German-," or "French-." (My own forefathers exemplified this spirit.)

Religious diversity—always plentiful in the American scene—was reduced to manageable size as a potential for division and disunity by adoption of the First Amendment to the Constitution on 15 December 1791, less than three years after effectuation of the Constitution.

Until the very recent years of the "Warren Court," the personal rights and liberties guaranteed by the First Ten Amendments to the Constitution were interpreted by the Supreme Court in a common-sense manner which strengthened and enhanced the sense of pride in American nationality and the sense of loyalty to its distinctive civilization.

The will and the drive toward American unity and identity has been, at least until the very recent years of "quality education," aided and reinforced by the development of a strong, secular, public-school system. At least until very recent years, the public school contributed immeasurably toward the development of a constructive and capable democratic citizenry—not alone by achieving out of linguistic diversity the world's model of a massive common-language area, but also by actively inculcating an understanding of—and respect for—our political and social institutions.

The result of this American drive has been the most meteoric development of the flourishing civilization the world has ever witnessed.

WHAT OF THE FUTURE?

If the Bicentennial is to have meaning—and not simply be debauched by windy political rhetoric—it should be attended by a re-dedication to the heritage blessed to our use by our founding fathers. That re-dedication must inspire an active will to protect and sustain the sense of American identity and the spirit of assimilation into the American model of civilization. What kind of mockery will we make of our Bicentennial Anniversary if we continue, by our passivity, to permit and encourage the unhealthy growth of ethnic "subcultures" and even "countercultures"? What kind of civilization will we live to see—and regret—if we continue to accept without active protest the implementation of "new thought," that loafers and dead-beats should be handsomely supported and that brutal criminals should not be punished but should be afforded new opportunities.

Is it not timely, on the occasion of the Bicentennial, that an aroused citizenry should bestir itself to demand of our elected officials a more zealous protection of our great American heritage if we are to reward them with re-election to office? Does postal card registration of voters sound like good sense? And, how about printing American ballots in foreign languages? Ask yourself and others, also, whether intolerable mismanagement of the national economy—combining unacceptable levels of inflation with unacceptable levels of unemployment—should be excused and overlooked. Likewise, is it really serving America to impoverish us with ever larger inflationary Government deficits by giving more and more billions of dollars to the Second, Third, and Fourth Worlds?

America was built by do-ers. It is in the process of being un-done by "new thinkers," by special pleaders, and by the heartless, brainless, spineless, and gutless politicians who are allowed to perpetuate themselves in office by serving every welfare except the general welfare.

If we are something more than mere "summer patriots"—to borrow Thomas Paine's epithet—should we not be putting some effort and voice where our mouth is? Is this not the challenge of the Bicentennial, and would it not be the most eloquent expression of the true American spirit—e pluribus unum?

MRS. WILLIAM FRANK BUCKLEY—SOUTH CAROLINA MOTHER OF THE YEAR

Mr. THURMOND. Mr. President, on April 14, 1976, the State of South Carolina honored a most gracious and charming lady by recognizing her as South Carolina Mother of the Year for 1976.

Mrs. William Frank Buckley of Camden, S.C., is the proud mother of 10 children, grandmother of 50, and great grandmother of 10. She is most deserving of this title.

Furthermore, Mrs. Buckley is justified in taking pride in her children. Their handiwork is well documented in the newspapers, television broadcasts, and bookstores of our Nation. On the floor of the U.S. Senate, for example, is one of her sons and one of our distinguished colleagues, Senator JAMES BUCKLEY of New York. In a list of corporate presidents, certainly the name of Mrs. Buckley's eldest son, John, would be among the leaders.

Journalism, literature, and the arts have been special areas of interest to the Buckleys. The other sons and daughters of this eminent family are William F. Buckley, Jr., publisher, television host, and author; Pricilla Buckley, managing editor of National Review; F. Reid Buckley, novelist; Patricia (Mrs. Brent Bozell), editor and publisher; Maureen (the late Mrs. Gerry O'Reilly); Carol (Mrs. Raymond Learsy) of New York, N.Y.; Aloise (Mrs. Benjamin Wade Heath) who died in 1967; and Jane Buckley Smith, associate editor of the National Review.

Prompted by ill health and seeking a warmer climate, the late Mr. Buckley and his wife moved to Camden in the 1930's. After remaining in Camden for several months and meeting its friendly people, Mrs. Buckley states that "we got sand in our shoes and decided to buy a home."

A devout Catholic, Mrs. Buckley has been selected as Catholic mother of the year and will be so recognized in New York City on May 3. She has also been twice named a mother of the year by the Second Presbyterian Church of Camden. She is very active in church and civic activities of her community. Additionally, she has particular interest in the Historical Society and the preservation and restoration of landmarks.

Mr. President, South Carolina is indeed fortunate to have such a fine lady as its mother of the year. Several articles and tributes to her have appeared in South Carolina newspapers, and I ask unanimous consent that a few of these accounts be printed in the RECORD.

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

[From the Columbia (S.C.) State, Apr. 5, 1976]

MRS. WILLIAM F. BUCKLEY NAMED MOTHER OF YEAR

CAMDEN.—Mrs. William F. Buckley has been named the South Carolina Mother of the Year for 1976.

Mrs. Buckley will be honored April 14 at the Governor's Mansion.

Mrs. Buckley and her late husband are the parents of 10 children, including well-known writer-editor William F. Buckley Jr. of New York, and Sen. James Buckley, C-N.Y.

She is the second Camden resident in recent years to receive the title.

[From the Camden Chronicle (S.C.), Apr. 9, 1976]

MRS. W. F. BUCKLEY, SR.: CHILDREN ARE JEWELS TO STATE'S MOTHER

Mrs. William Frank Buckley, proud mother of ten children, grandmother of 50, great-grandmother of ten little ones, richly deserves the title—South Carolina's Mother of the Year, 1976.

She wears her mantle of honor lightly however saying it's "still a puzzlement" why she

was selected. "I've wondered myself," she chuckles.

One has only to pick up a newspaper, turn a radio dial, or glance at a list of bestsellers, to realize that she is much too modest. Her children are bright stars in the field of journalism, politics, literature and the arts.

Mrs. Buckley will be honored as South Carolina's Mother of the Year on April 14th in Columbia. She'll be awarded a pin and a plaque at the Governor's office at three in the afternoon after which a reception at the Governor's Mansion will compliment her.

Mrs. Buckley has also been selected for a National award—Catholic Mother of the Year—and she'll be recognized on May 3rd in New York City in this capacity.

Being Mother of the Year is not exactly a new experience for Mrs. Buckley. She was twice tapped for this award in years past by the Second Presbyterian Church of Camden. And she shares a delightful anecdote about this: She practiced her acceptance speech in the privacy of her bathroom (or so she thought). Imagine her surprise when, upon completing her speech, she heard applause outside the door! From her husband and four of her children. ("I forgot everything I knew!")

The former Aloise Steiner of New Orleans, La., she was married to the late William Frank Buckley, a lawyer and Texas oil man, who passed away in 1958.

A deep vein of humanitarianism and a sense of noblesse oblige permeates the motivation of their children who have been prominent in the civic, cultural and social life of our country and abroad. The Buckleys' children: Aloise (the late Mrs. Benjamin W. Heath); John—president of the Catawba Corporation, New York City; Priscilla—managing editor of the National Review and a resident of New York City; James—Senator from New York state, practicing attorney, author of "If Men Were Angels"—lives in Washington, D.C.; Jane—Mrs. Jane Buckley Smith of Sharon, Conn.; W. F. (Bill) Buckley, Jr.—publisher of the National Review, host of the acclaimed Firing Line television program, author of the best-seller "Saving the Queen" and now working on another book at the request of the Putnam Company—he lives in Stamford, Conn., and New York City; Patricia—Mrs. Brent Bozell, lives in Huntly, Va., where she and her husband publish a Catholic periodical; Reid—author-lecturer, lives in Camden, his latest book is "Servants and Their Master"; Maureen (the late Mrs. Gerry O'Reilly); Carol—Mrs. Raymond Learsey, New York City.

Affectionately known as "Mimi" to her children and grandchildren, Mrs. Buckley has a down-to-earth philosophy on child rearing. "We tried never to quarrel in public or in front of our children. We taught them first of all to love God, then their country—to love one another and their families." She remembers Mr. Buckley stressing to the children "You can criticize one another but don't let anyone else do it."

Mrs. Buckley says her philosophy has "worked beautifully"—the success of her children points up this fact.

Pneumonia and other forms of ill health prompted Mr. and Mrs. Buckley to find a warmer climate back in the 1930's. They came to Camden from their home in Sharon, Conn. (which she still maintains as a summer residence) and stayed at the Kirkwood Hotel for awhile.

"After we'd been in Camden two months, we got sand in our shoes," she chuckles.

Following this experience, they had a warm place in their hearts for Camden—but fate intervened and, instead of moving to Camden, the Buckley family went to Europe to live for five years or so.

Living in Europe gave the children "the chance to speak French and Spanish," according to the gracious little lady. Since her husband had his own ideas on education, he secured youngsters—one to teach them proper English, another for art instruction, another for music. "And since we had an excellent French governess, they became familiar with that language," she recalls.

As the months passed, the older children were sent to boarding school in England. Meanwhile, Maureen and Reid were born in France.

It was 1938 before the Buckleys were able to put the wheels in motion to establish a residence in Camden. They bought the antebellum estate, Kamschatka (which had only one bath and "almost no electricity" at that time) and began renovating and restoring it. The family moved in 1941 and it's been home ever since for a large part of the year.

"I fell in love with Camden and its friendly people right away. Mr. Buckley loved this place, too," remarks the articulate Mother of the Year.

Next to her family and her beloved Catholic Church, Mrs. Buckley has been interested in the Historical Society here and concerned with the preservation and restoration of landmarks.

Her hobbies in the earlier years: "having ten children and raising them; traveling—we were always busy, packing and unpacking."

Among today's hobbies are her family and friends and playing bridge.

A warm and friendly person, Mrs. Buckley has graciously opened her home to area residents and tour guests many times.

When chatting with this lovely lady, you find yourself leaning forward so as not to miss a word (spoken so clearly in that marvelous Buckley accent). Her eyes sparkle as she talks, she gestures delightfully with her hands and sprinkles her conversation with anecdotes of family doings over the years.

As I rode home from my interview, feeling reluctant to leave, I was reminded of Cornelia, mother of Rome's most famous tribunes in the second century, who, when asked to display her ornaments said, pointing to her children, "There are my jewels."

To Mrs. William Frank Buckley, our South Carolina Mother of the Year, her children are, indeed, her jewels.

[From the Columbia Record. Apr. 19, 1976]

ALOISE STEINER BUCKLEY

CAMDEN.—"No one has a right to have had as happy a life as I've had," Aloise Steiner Buckley said.

Mother of ten, grandmother of 49 and matriarch of America's leading conservative family, Mrs. William F. Buckley richly deserves the accolade of South Carolina's Mother of the Year for 1976.

Though only a part-time resident of Camden (the Buckley's family mansion is Great Elm in Sharon, Conn.) her heart is in the South. With exceeding candor she admits "the sooner we move away from Connecticut the better." She follows the statement with a laugh, then begrudgingly admits Sharon isn't "so bad" in the summer.

"But, I do so love Camden," she says. "I don't think there is any place lovelier, and my dear, the people here are absolutely the kindest in the world."

Mrs. Buckley sat in the exquisitely furnished drawing room of the Buckley's winter home, Kamtchatka. The three story, wisteria clad home was built by Col. James Chesnut in 1854 and purchased by Mrs. Buckley and the late Mr. Buckley in 1938. "I remember Will came home one day from a trip and said 'My dear, there is the loveliest little town with the most charming motel that you must see.'" She recalled. It wasn't much later he bought the ailing house and together they turned it into a home of elegance and grace.

"After my husband died, I was afraid I would be lonely here, but my youngest son, Reid, and his wife have moved into one of our cottages. I've really been so lucky," she said.

Mrs. Buckley was born in New Orleans in 1895 and schooled in the Southern graces. She attended Sophie Newcomb College until her education was interrupted by romance in the form of Will Buckley. He asked for her hand after one week of courtship, and, when the Buckley and Steiner families had discreetly checked each other out, they were married.

Her Husband, William Frank, Sr., grew up and prospered in the lawless Mexico of the late eighteen- early nineteen-hundreds. From the law firm Buckley, Buckley and Buckley he went into a lucrative oil business, only to lose everything he owned in a hopeless insurrection (led by him) against then revolutionary president of Mexico, General Obregon.

He was forced to flee Mexico under condemnation of death upon his return. He moved to Sharon and worked towards amassing another fortune while Aloise had babies.

The Buckley children dote on their mother, by their own admission. In order of age they are: Aloise (Mrs. Benjamin Wade Heath) who died in 1967; John, manager of a family business in oil exploration and development; Priscilla, managing editor of National Review magazine; James, U.S. Senator from New York; Jane, mother of six and associate editor for National Review; William, editor of National Review, syndicated columnist and host of "Firing Line"; Patricia (Mrs. Leo Brent Bozell), mother of ten and grandmother of four; Reid, novelist and lecturer; Maureen (Mrs. Gerald O'Reilly) who died in 1964 and Carol (Mrs. Raymond Learsy).

"One thing about mother," youngest daughter Carol said, "She is always fun to be with. It is an enjoyable experience, never pressure filled. I try to be that way with my children. They love her too. Every grandchild tries to spend at least half an hour alone with her every time they visit."

Mrs. Buckley is fun to be with. Her relaxed and gracious manner puts a reporter at ease just as it does her family.

"Will and I were always quiet and gentle with the children," she tells. "But more so, we were quiet and gentle with each other. All parents should be that way. When the children see the mother and father love one another well, with a closeness and devotion to each other, it affects them equally well."

Son James, Republican Senator from New York, described his mother as a splendid experience. "She has such a sense of fun and enormous amounts of wisdom, he said. "I hope I am as effective a conveyor belt of fundamental values to my children, as my mother was to hers. By her example and explanations, she forced us to think about values. She's a splendid person."

And a disciplinarian too. "Mother had no patience with a bare-faced liar," daughter Priscilla told. "If we got in trouble she would be very understanding, if we told her the truth. But she had contempt for sneaking, tattletales or malingering. Most of all, though, she's fun."

Mrs. Buckley says the secret to her wonderful life is her faith. She is Catholic, as is the rest of the family. "Once, a sister-in-law observed our mother for a period of time and then announced that mother spent half her time on the scales and the other half on her knees," Priscilla related, laughing. It describes well the tiny, utterly feminine woman who says her family is her life.

"My faith is very strong," Mrs. Buckley

said. "Will used to say if I ever lost my faith, he'd lose his because mine was so strong it affected him.

"Whenever he had trouble with a business deal, we would both pray. One time, he called me in New York and told me one of our biggest deals had fallen through, I went immediately to St. Patrick's Cathedral and prayed 'Lord, Will doesn't know what to do, I don't know what to do—only You know what to do.' I left it in His hands, and the next day, we got financial backing to go on with the deal."

Her children describe her as omni-competent, able to run a household and a large family, yet with the ability to give individual attention to each of the children.

"If you had a problem, or if something was complicated, she would give you a hard-headed way to approach it. If something was unpleasant, she said tackle it immediately or else it becomes worse," Priscilla said. "She acted upon that herself, and everytime I've failed to, I've been in worse trouble."

She is not one to preach, Carol says. "My mother has influenced me by not preaching, but by setting an example. She taught us never to be afraid of making a decision and taking the responsibility for it. If we made the wrong decision, she treated it with a laugh. Now, if our problem is very serious, there is no one better to discuss it with."

The entire family still gets together, grandchildren and all, as often as they can—but especially on Thanksgiving at their Connecticut home.

"Aren't my children lovely?" Mrs. Buckley asks and answering her own question says "Yes, we're a lovely family."

LOWER CONSUMER ENERGY COSTS ARE POSSIBLE THROUGH COAL CONVERSION

Mr. RANDOLPH. Mr. President, coal conversion can reduce consumer electric costs as well as promote greater energy independence. In a report I received on Friday, April 23, from FEA Administrator Frank Zarb, electric utility fuel costs can be reduced in 1980 by approximately $1.74 billion as a result of coal conversion orders issued in 1975 by the Federal Energy Administration. The coal conversion orders were issued pursuant to the Energy Supply and Environmental Coordination Act of 1974, which was recently extended for 2 years by the Energy Policy and Conservation Act.

In response to my letter of March 31, 1976, Administrator Zarb provided me with a progress report concerning implementation of this program, passed by the Congress in response to the October 1973, oil embargo. The importance of this program to the achievement of energy self-sufficiency is set forth in this report, which states:

It was, and is, clear that the reduction in dependence upon foreign energy is necessary and just as clear that the coal conversion provisions of ESECA are an important tool in regaining this Nation's energy independence. ESECA is based upon expanding the use of U.S. reserves of coal, considering the environmental consequences of that use, and recognizing that, in some cases, previous environmental requirements may unnecessarily preclude the use of coal. Because of these potentially conflicting objectives, ESECA has required close coordination and cooperation between the Federal Energy Administration (FEA) and the Environmental Protection Agency (EPA).

The report also reviews the status of the FEA prohibition orders issued on June 30, 1975, to 74 existing or planned electric powerplants located in 32 generating stations owned by 25 electric utility companies. On April 16, 1976, the Environmental Protection Agency issued proposed compliance date extensions or notification of certification on compliance with air pollution control requirements affecting 21 of these 74 powerplants.

Mr. President, in addition to the fuel cost savings, these coal conversion orders, when implemented, will increase coal demand by an estimated 79 million tons, with an accompanying annual oil savings of 287 million barrels, In addition, approximately 104 billion cubic feet of natural gas will be freed for such other purposes as industries facing curtailments and residential uses. The specifics on these coal conversion orders are set forth in the FEA's April 1976 report.

Summary information also is presented on facilities under consideration for coal conversion orders between now and June 30, 1977. Currently under evaluation are some 169 existing or planned electric powerplants as well as some 560 existing or planned major industrial installations. The FEA's estimate of the potential fuel costs savings for these installations from coal conversion by 1980 could run as high as $2.6 billion annually. This would be accompanied by an increased coal demand of 120 million tons per year, while oil consumption could be further reduced by 1980 by an estimated 387 million barrels annually. In addition, approximately 373 billion cubic feet of natural gas might be made available for other uses.

Mr. President, the importance of coal conversion to reducing consumer energy costs as well as fostering greater energy independence is cogently set forth in the April 1976 report of the Federal Energy Administration. While capital investments will be necessary, this report demonstrates that coal conversion cannot only be cost-effective, but anti-inflationary.

Mr. President, because of the importance of this coal conversion program for American consumers, I ask unanimous consent that the FEA report be printed in the RECORD.

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

[From the Office of Coal Utilization, Federal Energy Administration]

IMPLEMENTING COAL UTILIZATION PROVISIONS OF ENERGY SUPPLY AND ENVIRONMENTAL COORDINATION ACT, APRIL, 1976

The purpose of this report, as was the case in the first formal report to Congress in April 1975, is to review the status and current strategy of FEA's program for implementing the coal utilization provisions of the Energy Supply and Environmental Coordination Act of 1974 (ESECA) (P.L. 93-319) as amended by the Energy Policy and Conservation Act (EPCA) (P.L. 94-163).

This report is organized into three basic sections: introduction and background, activities to date, and near and middle term anticipated activities. The latter two sections are subdivided into utility and non-utility discussions.

I. INTRODUCTION AND BACKGROUND

As stated in the 1975 report, ESECA was passed in response to the October 1973 oil embargo. It was, and is, clear that the reduction in dependence upon foreign energy is necessary and just as clear that the coal conversion provisions of ESECA are an important tool in regarding this Nation's energy independence. ESECA is based upon expanding the use of U.S. reserves of coal, considering the environmental consequences of that use, and recognizing that, in some cases, previous environmental requirements may unnecessarily preclude the use of coal. Because of these potentially conflicting objectives, ESECA has required close coordination and cooperation between the Federal Energy Administration (FEA) and the Environmental Protection Agency (EPA).

The Act, by providing FEA with the authority to require the use of coal by existing and future electric utility powerplants and other major fuel burning installations (MFBI's), will result in a significant decrease in the use of petroleum and natural gas and an increase in the use of our most abundant domestic energy resource.

The potential oil/gas savings associated with each phase of FEA's order issuance authorities are shown in Tables I-1 and I-2. The projections are based upon a moderately funded program compatible with methodologies and procedures developed under the original statute, and are not indicative of the universe susceptible to conversion.

ESECA authorities

Section 2 of ESECA requires FEA to prohibit a powerplant, and provides discretionary authority to prohibit an MFBI, from burning petroleum or natural gas (under certain defined conditions) (i.e. "Prohibition Order"). It also allows FEA to order powerplants and MFBI's in their "early planning process" to be designed and constructed with the capability to use coal as their primary energy source (i.e., "Construction Order"). In addition, and to the extent necessary to carry out the purpose of the Act, FEA also has authority to allocate coal.

The above authorities to issue orders expire June 30, 1977, and the authority to amend, rescind, modify, and enforce such orders expires December 31, 1984.

Section 3 of ESECA amended the Clean Air Act to require the Environmental Protection Agency to participate in the above process to ensure that the burning of coal would not be detrimental to air quality.

Prohibition orders

Before FEA can issue a Prohibition Order, it must determine that the powerplant or MFBI possessed the necessary equipment and capability to burn coal on June 22, 1974, or acquired it thereafter. In making that determination, FEA assesses among other things, the existence of certain necessary coal handling facilities and appurtenances such as adequate facilities for the storage of coal, and equipment such as a boiler, unloaders, conveyors, crushers, pulverizers, scales, burners, soot blowers, and special coal burning instrumentation and controls. The absence of any one or combination of these facilities or equipment is not conclusive that the powerplant or MFBI lacks the capability and necessary equipment to burn coal. In addition to that determination, FEA must also find that:

The burning of coal at the facility is practicable and consistent with the purposes of ESECA;

Coal and coal transportation facilities will be available for the period the order is in effect; and

In the case of a powerplant, the order will not impair the reliability of service in the area served by the converting powerplant.

The formal proceedings that result in the

issuance of a Prohibition Order are initiated by the publication in the Federal Register of a "Notice of Intention to Issue Prohibition Orders" (NOI). The purpose of the NOI is to provide the utility or MFBI owner, and other interested persons, with the opportunity to make written and oral comments on FEA's findings. The NOI contains the proposed findings and supporting rationale, as well as instructions for the submission of written comments and the date, time and place of the public hearing.

After considering the information submitted in response to the NOI, FEA determines whether it should issue the Prohibition Order, and then issues the order if appropriate.

Procedures for making the prohibition order effective

The Prohibition Order, and the resultant required burning of coal, does not become effective until the issuance of a "Notice of Effectiveness" (NOE). That NOE cannot be issued until; (1) the Administrator of the EPA, pursuant to section 3 of ESECA, either (a) notifies the FEA that the powerplant or MFBI will be able on and after July 1, 1975, to burn coal and to comply with all applicable air pollution requirements, without a compliance date extension, or (b) certifies the earliest date that the powerplant or MFBI will be able to burn coal and comply with all applicable air pollution requirements of section 119 of the Clean Air Act (section 3 of ESECA); and (2) FEA has completed the environmental analysis required by the National Environmental Policy Act of 1969 (NEPA). The Environmental Protection Agency's authority to grant compliance date extensions under ESECA expires January 1, 1979.

As part of the certification process mentioned above, ESECA may require EPA, to issue a "compliance date extension" to a recipient of an FEA Prohibition Order. The issuance of a compliance date extension means that the powerplant or MFBI will not, until January 1, 1979, be prohibited by reason by the application of any air pollution requirement, from burning coal available to it.

A compliance date extension may be issued to a powerplant or MFBI that receives an FEA order and is converting to coal only if:

EPA finds that the powerplant or MFBI is not able to burn coal available to it in compliance with all applicable air pollution requirements without a compliance date extension;

EPA finds that the powerplant or MFBI will be able to meet emission limitations imposed by section 119 of the Clean Air Act during the period of the compliance date extensions; and

The powerplant or MFBI has submitted a compliance plan that the EPA has approved and that will insure the achievement, upon expiration of the compliance date extension, of the most stringent degree of emission reduction that would have been required under the State Implementation Plan (SIP) in effect on the date that the powerplant or MFBI submitted its application for the compliance date extension.

Within 90 days of the issuance of a Prohibition Order, the powerplant or MFBI must submit to EPA either an application for a compliance date extension together with a prepared plan that includes the necessary steps that must be taken to meet all applicable air pollution requirements, or documentation that the powerplant or MFBI will be able to burn coal and comply with all applicable air pollution requirements without a compliance date extension. Thereafter, EPA must:

Issue a notification that the plant can burn coal on and after July 1, 1975, without a compliance date extension;

Issue a certification that the plant will be able to burn coal in compliance with all applicable air pollution requirements at a specified date on or after January 1, 1979; EPA will not enforce compliance, and FEA will assume the compliance enforcement function; or

Publish a notice in the Federal Register of a proposed compliance date extension.

Before issuing the compliance date extension, EPA must afford an opportunity for the oral and written presentation of data, views and arguments regarding such compliance date extension. At the conclusion of the proceeding EPA must certify the earliest date that the powerplant or MFBI can meet the applicable requirements of section 119.

Section 119 further establishes the procedures and authorities for EPA to enforce the provisions of its notification/certification and provides that EPA shall certify to FEA that the Prohibition Order will not be in effect during a period for which EPA finds that: "the burning of coal by the powerplant or MFBI will result in an increase in emissions of any air pollutant for which national ambient air quality standards have not been promulgated (or an air pollutant that is transformed in the atmosphere into an air pollutant for which such standard has not been promulgated), and that such increase may cause (or materially contribute to) a significant risk to public health." (The pollutants that could be involved in this restriction include sulfate particles, sulfuric acid aerosols, nitrates, cadmium, particulate polycyclic organic matter, and arsenic).

Construction orders

FEA may require powerplants or MFBI's in the early planning process (other than combustion gas turbines or combined cycle units) to be designed and constructed so as to be capable of using coal as the primary energy source.

However, no such order may be issued if FEA finds that (a) in the case of a powerplant, such order is likely to impair the reliability or adequacy of service, or (b) an adequate and reliable supply of coal is not expected to be available.

Furthermore, in considering the desirability of issuing such an order, FEA must consider the existence and effects of any contractual commitment for the constuction of such facility, and the ability of the owner to recover any capital investment made as a result of a Construction Order. NEPA requirements must be met before Construction Orders may be made effective, although EPA certification is not required.

NEPA requirements

Section 102(2)(C) of NEPA requires Federal agencies to prepare an Environmental Impact Statement (EIS) for "major Federal actions significantly affecting the quality of the human environment." Because a Prohibition Order is not effective until and unless an NOE is issued, FEA has determined that for purposes of its environmental analysis, the major federal action with respect to a Prohibition Order or Construction Order is the issuance of an NOE.

In regulations published on May 9, 1975 (10 C.F.R. 305.9), which implemented FEA's grant of authority under section 2 of ESECA, FEA stated the procedures it will follow to insure that the process of issuing and making effective Prohibition Orders complies with NEPA. As required by the regulations, a programmatic EIS has been prepared for the coal utilization program (FES 75–1, April 25, 1975). The EIS deals with the environmental impact of the program as a whole.

The regulations provide that FEA will conduct a site-specific environmental analysis of the impact of each NOE. The product of the analysis will be either (1) a declaration that a specific Prohibition Order or group of Prohibition Orders will not, if made effective by a NOE, be likely to have a significant impact on the quality of the human environment; or (2) an EIS covering those significant site-specific impacts, not adequately discussed in the programmatic EIS, which would likely result from making effective a Prohibition Order or group of Prohibition Orders.

This methodology for ensuring NEPA compliance was developed after consultation with representatives of the President's Council on Environmental Quality (CEQ), the EPA, the Department of the Interior, and the Department of Commerce. The full description of the NEPA procedures was published in the *Federal Register* on August 14, 1975 (40 F.R. 34194).

Coal allocation orders

FEA may allocate coal (a) to any plant to which a Prohibition Order has been issued or (b) to any other person to the extent necessary to carry out the purposes of the Act. In addition, if EPA issues a "fuel exchange" order for the purpose of avoiding or minimizing adverse impacts on public health and welfare of certain actions under ESECA and the Emergency Petroleum Allocation Act, FEA must exercise its coal allocation authority in order to require the exchange, unless FEA finds that the costs or consumption of fuel would be excessive.

TABLE I-1.—COAL CONVERSION PROGRAM IMPACT

Utility	Orders issued: Number of sites	Orders issued: Number of units	Impact of orders: Capacity affected mWe	Savings per year[1]: Oil (10^6 barrels)	Savings per year[1]: Natural gas (10^9 ft³)	Equivalent coal demand (10^6 tons per year)	Conversion cost (million)	Fuel savings per year (million)
Prohibition	32	74	11,300	77	104	26	$300	$570
Construction	47	74	25,000	[2] 210	----------	53	0	[2] 1,170
	Number of sites	Number of units	Capacity affected mWe	Savings per year[1]: Oil	Savings per year[1]: Natural gas	Equivalent coal demand	Conversion cost	Fuel savings per year
Potential orders by June 30, 1977:								
Prohibition	39	69	9,100	74	11	21	970	460
Construction	60	100	30,000	[2] 252	----------	63	0	[2] 1,390
MFBI:								
Prohibition	160	425	16,300	50	240	25	570	520
Construction	50	135	7,100	11	122	11	890	[2] 230

[1] Annual savings by 1980.

[2] Equivalent all oil fired (some plants were previously scheduled for coal capability).

TABLE I-2.—TOTAL ESECA ORDER UNIVERSE

Utility	Number of sites	Number of units	Capacity affected mWe	Savings per year [1] Oil 10^6 barrels	Natural gas 10^9 ft [3]	Equivalent coal demand 10^6 tons per year	Conversion cost (million)	Fuel savings per year (million)
Prohibition	71	143	20,400	151	115	47	$1,270	$1,030
Construction	107	174	55,000	[2] 462		116	0	2,560
Subtotal	178	317	75,400	613	115	163	1,270	3,590
MFBI:								
Prohibition	160	425	16,300	50	240	25	570	520
Construction	50	135	7,100	11	122	8	890	230
Subtotal	210	560	23,400	61	362	33	1,460	750
Total	388	877	98,800	674	477	196	2,730	4,340

[1] Annual savings by 1980.

[2] Equivalent all oil fired (some plants were previously scheduled for coal capability).

II. FEA ACTIVITIES TO DATE

FEA's initial ESECA efforts have been directed toward the accomplishment of three general program objectives. The first activity was to conduct the background engineering, environmental, and economic analyses required to implement the Act. FEA relied upon expert consultants to supplement its own expertise in the development of analysis methodologies and data. The second broad objective was to develop and promulgate regulations required by the Act, and the third was to publish a Programmatic Environmental Impact Statement. The proposed regulations were published in the *Federal Register* on February 5, 1975; and the final regulations were published on May 9, 1975. The final Environmental Impact Statement was made available to the public on April 25, 1975.

The background analyses were based upon the four different types of savings that could be achieved by: (1) converting existing powerplants from oil and gas to coal, (2) ensuring that existing powerplants do not convert from coal to oil, (3) requiring utility powerplants in the "early planning process" to have the capability to burn coal as their primary energy source, and (4) converting other major fuel burning installations to coal. For each of the four areas, the background analyses focused on (a) the potential oil savings, (b) the findings FEA would have to make to issue an order (e.g., practicability, reliability, coal supply), and (c) an assessment of the environmental effects of such orders.

Ordering activities

Converting Existing Powerplants From Oil and Gas to Coal. The potential savings from converting existing powerplants from oil and gas to coal is significant.

Through a lengthy review of data relating to the 725 generating stations which responded to a Federal Power Commission's Emergency Fuel Convertibility Questionnaire, the FEA identified units located at eighty (80) stations which were currently burning oil or gas but capable of burning coal as a primary energy source.

On June 30, 1975, FEA issued Prohibition Orders affecting seventy-four (74) powerplant units located at thirty-two (32) generating stations owned by twenty-five (25) utility companies. As of April 16, 1976, EPA has issued proposed compliance date extensions or notifications/certifications affecting 21 of the 74 powerplants. The status of EPA action under section 3 of ESECA for the powerplants is as follows:

Notices of proposed rulemaking for compliance date extensions affecting 6 powerplants have been published in the *Federal Register*;

Final notifications/certifications affecting 15 units have been issued by EPA. FEA presently plans to meet its NEPA responsibility by issuing seven site-specific EIS's and preparing twenty-five Environmental Assessments to determine whether EIS's are appropriate. The tentative schedule for issuance of Notices of Effectiveness (NOE's) anticipated for the 74 Prohibition Orders is:

NOE's affecting 17 units at 10 stations (that can be fully converted and burning coal by January 1, 1979) issued by October 1976;

Depending upon the timeliness of rulemaking actions discussed above, NOE's affecting approximately 33 units at 12 stations (which can probably be converted prior to January 1, 1979) could be issued by FEA beginning October, 1976;

NOE's affecting 24 units located at 10 stations (which could not convert until after January 1, 1979) probably cannot be issued until FEA regulations are modified to permit FEA enforcement of ESECA beyond January 1, 1979. Accordingly, best estimates as to NOE timing for these units is March, 1977.

Ensuring that Existing Powerplants Do Not Convert From Coal to Oil. During the late 1960's and early 1970's, many powerplants converted from coal to oil, particularly on the East Coast. Since EPA cannot issue compliance date extensions under ESECA to facilities currently burning coal, ESECA is ineffective to prevent such coal to oil switches before they occur.

Requiring New Powerplants To Have The Capability To Burn Coal. During those late 1960's and early 1970's, while coal-fired powerplants were being converted to oil, utilities were also building new plants to burn oil. In 1970, only 40 percent of new boiler orders provided for coal firing capability. In 1974, however, in response to the natural gas shortages and increased price of oil, 97 percent of new boiler orders provided for coal firing capability.

To avoid further deterioration in coal firing capability, FEA, on June 30, 1975, issued Construction Orders affecting 74 powerplants at 32 generating stations requiring that upon commencement of operations the units be fully capable of utilizing coal as a primary energy source.

Converting MFBI's From Oil and Gas to Coal. Unlike the utility powerplant sector, data indicating the location of MFBI's of certain size categories and their convertibility to coal firing was not readily available to FEA. Therefore, FEA began its MFBI program from ground zero. The following is indicative of the activity to date:

For the purposes of ESECA, FEA has determined an MFBI to be a unit or facility other than an electric utility powerplant where the design firing rate is equal to or in excess of 100,000,000 Btu/hr.

The far reaching data system necessary to support the selection and analysis of MFBI candidates has been established through the development and promulgation of an industrial coal capability questionnaire. The data base presently contains information pertaining to the convertibility of 6300 individual MFBI units and 3500 facilities exceeding the established firing rate threshold. This study, by necessity, included a variety of activities, ranging from establishment of contacts with trade organizations, the American Boiler Manufacturers Association, the National Association of Manufacturers, and a host of other groups, to obtain their views on the questionnaire, to a detailed analysis of the 3500 installation. The data system and candidate selection methodologies are discussed in greater detail in Section III of this report.

As a natural spin-off of the non-utility universe definition, FEA has compiled an extensive inventory of federal facilities and is proceeding with analysis of these sites. Further, the FEA is working closely with representatives of various federal agencies to expedite increased coal consumption at existing federal facilities and to ensure that future installations are designed with an ability to utilize coal as a primary energy source.

In summary, the FEA has taken a complex, totally new program and is implementing it in what it feels is the most expeditious method possible. Much progress to data has by necessity been foundational or procedural. The sections which follow will detail the results that can be expected from that preliminary effort.

III. ANTICIPATED ACTIVITIES

A. Utility powerplant future activities

Prohibition Orders

Future activities in implementing FEA's renewed ESECA authority through the issuance of orders prohibited certain categories of electric utility powerplants from burning natural gas and oil as a primary energy source are a continuation of the original ESECA efforts.

After the President signed the Energy Policy and Conservation Act (EPCA), FEA began actions necessary to continue the implementation of the ESECA Program through the issuance of additional Prohibition Orders.

Those actions are specifically:

1. To conduct the necessary engineeering, environmental, and economic analyses to support the previously stated findings:

That the plant (or unit) had as of June 22, 1974, or thereafter acquired, the capability and necessary equipment to burn coal;

That the burning of coal is practicable and consistent with the purposes of the Act;

That coal and coal transportation facilities will be available during the period the order is in effect; and

That a Prohibition Order will not impair the reliability of electricity service.

2. To review findings and to make selection of candidates to receive Notices of Intent and subsequent Prohibition Orders. The selected candidates fall into two categories based on the difficulties of the anticipated conversion.

The first category consists of powerplants that are able to convert to coal prior to December 1, 1978. These are generally powerplants that can burn low sulfur coal or have adequate precipitators to ensure that Federal and State air quality standards and emission limitations are not violated. These plants are scheduled to receive Notices of

Intent to Issue Prohibition Orders in the summer of 1976. Following regional hearings, a public comment period, and a reconsideration of findings in light of new information developed during this period, Prohibition Orders will be issued where appropriate.

The second category is composed of plants that will not be able to convert to coal burning until after December 31, 1978, due to construction lead times, equipment availability, and coal supply problems. Plants in this second category cannot meet Federal and State air quality standards without substantial investment and construction efforts needed to equip the powerplants with new precipitators or flue-gas desulfurization systems. These powerplants are scheduled to receive NOI's in the fall of 1976. Again, following required hearings and a public comment period, FEA will make a final analysis prior to issuance of a Prohibition Order.

Construction Orders

On June 30, 1975, the FEA issued Construction Orders to 41 companies requiring that 74 proposed new powerplants at 47 generating stations be built with the capability to burn coal as the primary energy source. These 74 units of 25,000 MW capacity are expected to burn 53 million tons of coal per year when they are operational. This amount of coal is equivalent to approximately 210 million barrels of oil per year. Construction Orders affecting the 74 units are under study by the FEA in compliance with the National Environmental Policy Act (NEPA). Upon completion of this analysis, the FEA will issue the appropriate Construction Order recipients Notices of Effectiveness (NOE's) that will name the date at which each unit must be capable of burning coal as the primary energy source. The FEA is also studying the issuance of Prohibition Orders to the Construction Order recipients to provide assurance that coal will be burned at these units.

In addition, the FEA is proceeding with the necessary analysis prior to issuance of a second round of Construction Orders. The list of candidates have been developed from three sources: (1) continued review of the Form C–603–S–O, "Identification Report of Powerplants in the Early Planning Process," received last year and used primarily to identify Round I candidates; (2) Federal Power Commission listings of projected powerplants in various stages of construction planning based primarily on Form R–362, Form 12E, and Form 67; and (3) information reported to the National Electric Reliability Council (NERC).

Certain Construction Order candidates have indicated intent to burn oil, gas, or a combination. Each of these units will require an in-depth analysis of the effects that issuance of a Construction Order and the Notice of Effectiveness will have. If a Construction Order is to be issued, the primary findings that will have to be established by the FEA are that:

There is not likely to be an impairment of the reliability or adequacy of service to be provided by the powerplant; and

There is reasonably expected to be an adequate and reliable supply of coal and coal transportation facilities available.

Several other important considerations are taken into account by the FEA before making its decision:

The existence and effects of any contractual commitment for the construction of the powerplant;

The capability of the powerplant to recover any increase in projected capital investment required as a result of a Construction Order;

The potential loss of revenue resulting in a delay in the commencement of the sale or exchange of electric power; and

The relevant regulations or policies of any State or local agency with jurisdiction over the sale or exchange of electric power by powerplants.

Construction Orders issued to units previously intending to burn oil, gas, or a combination of oil and gas might require EIS's to comply with the requirements of the National Environmental Policy Act.

Certain candidates are expected to be coal-fired plants. Issuance of a Construction Order will assure that the construction plans are not substantially altered away from coal burning.

The units presently being studied for Round II Construction Orders will involve a total of 30,000 MW's requiring approximately 63 million tons of coal per year. This amount of coal is equivalent to about 252 million barrels of oil per year.

It is anticipated that analyses to support the required ESECA findings will be complete this summer in order to issue second round Construction Orders.

Other major Construction Order related efforts under way in the Office of Coal Utilization are:

An update of FEA regulations to reflect the extended order issuance and enforcement authorities and other new authorities granted by the Energy Policy and Conservation Act.

A reconsideration of the legal definition of "combined cycle."

The design of a system of routine reporting for identification of powerplants in the early planning process.

Historical Coal Burners

In order to comply with environmental regulations, powerplants which have traditionally been coal burners are inclined to convert to oil rather than undertake the required investment in pollution control equipment. Tight capital markets which limit the availability of investment capital, and the ability to pass oil prices through to the electricity consumer, contribute to this situation.

The Office of Coal Utilization is establishing procedures to identify powerplants which may be inclined to convert from coal to oil. In coordination with the EPA, we are attempting to remove the incentive for these conversions, encourage the investment in pollution control equipment, and encourage modification of fuel adjustment clauses to permit the utility company to retain fuel costs savings to offset the necessary investment. In addition, we are establishing procedures to add powerplants which do switch from coal to oil to our list of future oil to coal conversion candidates, and subject them to the ESECA process.

B. Major fuel burning installation (MFBI) future activities

Introduction

The major thrust of FEA efforts to date in the MFBI area has been to evaluate and assess the responses from industrial and federal facilities to the 1975 MFBI questionnaire. The MFBI survey was initiated with the primary purposes of establishing estimates of potential oil and gas savings in the industrial sector through implementation of the ESECA program and of identifying potential candidates for Prohibition Orders.

While the question of extension or expansion of FEA's order-issuing authority was debated from July to December, 1975, the MFBI survey was being analyzed to identify the scope and difficulties of implementing any such program.

MFBI Survey Findings

Universe:

822 parent companies responded to the survey, identifying 3482 installations and 6289 MFBI combustors (i.e., with a design firing rate of 100 million Btu/hr or more).

Fuel use and selection patterns:

Of all combustors reported on the survey, 47% burn natural gas, 20% oil, 19% coal, and 14% select an "other" fuel as a primary energy source.

For fossil-fuel combustors reported on the survey, natural gas accounts for 52.5% of consumption, coal for 27%, and oil for 20.5%.

Over 89% of the oil and natural gas burned in coal-designed units is used as boiler fuel. The remainder is consumed in industrial processes.

MFBI combustor characteristics:

Type. Boilers constitute 67% of all MFBI combustors reported on the survey, and represent 83% of surveyed combustors that are designed for coal use.

Size. Over 80% of all MFBI combustors reported on the survey have a design firing rate of 300 million Btu/hr or less.

Of 131 combustors reported to be independently planning conversions to coal (not all of which are coal-capable), more than 80% have a firing rate capacity of less than 250 million Btu/hr.

Age. About 50% of the MFBI's reported on the survey have been installed since 1960, and more than 20% of all units have been installed in the 1970's alone. Over 400 coal-designed MFBI units built before 1940 are still in operation.

Geographic considerations: Concentrated Consumption.

Six states account for 52% of the total fossil-fuel consumed by MFBI combustors surveyed.

Three states account for 53% of the natural gas consumed by MFBI combustors surveyed.

Five states account for 54% of the coal consumed by MFBI combustors surveyed.

Ten states account for 53% of the oil consumed by MFBI combustors surveyed.

Industry considerations.

Primary metals, chemicals, and petroleum refining consume 53% of all MFBI fossil fuels.

"Primary metals" consume the highest portion of coal (20%) among the MFBIs, "paper" burns 20% of the oil, and "chemicals" consume almost one-fourth of the natural gas.

Prohibition of oil and gas:

Of all combustors reported on the survey 947 were designed or modified to burn coal but did not burn it as a primary fuel in 1974. (hereafter referred to as "coal-capable" units).

The 947 combustors annually consume 66 million barrels of oil and 292,801 million cubic feet of natural gas, or the equivalent of 325,000 barrels of oil per day.

Coal-capable combustor trends.

Coal-capable combustors are considerably older than the average MFBI combustor; almost half of the coal-capable units were built before 1950.

Only 4.7% of combustors built in the 1970's selected coal as their primary fuel, and only an additional 2.4% installed the capability to burn coal as an alternate fuel.

Analysis of Survey Findings

The MFBI study indicates that the potential gas and oil savings in industry through an order-issuing program could make a significant contribution to the goal of energy independence, although individual, in-depth studies may result in the elimination of a large number of potential candidates from consideration, due largely to environmental, economic, technical, and coal supply and transportation factors.

Two current trends affecting potential oil and gas savings in industry deserve attention. First, among existing MFBIs, declining availability of natural gas as a viable energy source for many industrial applications may adversely impact attempts to increase national energy self-reliance. The overwhelming propensity among industrial gas consumers to install oil-firing as their alternate

capability (if they have not already done so) has been identified not only in the MFBI survey but also in independent studies of the industrial sector.

A second trend is the declining rate of new MFBI combustors built to include coal-firing capability. Tables III–1 and III–2 map the decade-by-decade decline in both the installation of coal designed units and coal consumption in the MFBI sector. The disproportionately older age of most coal-designed units in industry strongly suggests that, other factors remaining equal, future demand for oil and gas will be increasing as the aging coal units are retired. The implementation of EPCA authorities permitting FEA to issue Construction Orders mandating the installation of coal-firing capability in the MFBI sector for combustors and installations in the "early planning process" should be instrumental in substantially reversing this trend.

Coal is the most frequent substitute for oil and gas in industry and, by and large, served as the focus of the MFBI survey. Nevertheless, the primary objective of an ESECA-styled program is the prohibition of the use of two scarce fuels and not the dictated use of any one alternative energy source. Almost 15% of all MFBI combustors currently utilize something other than fossil fuels for their primary fuel. The use of municipal wastes, wood products, waste heat recovery systems, industrial by-products, etc. should be considered as alternatives to oil and gas where it is in the best interests of the installation.

Planned Prohibition Orders

FEA is currently undertaking in-depth technical, financial, and environmental analyses of a selected group of industrial facilities under consideration for Prohibition Orders. Having reduced the original MFBI universe of 6500 combustors (at 3500 sites) to 947 units (at 350 sites) capable of conversion to coal, FEA is focusing its initial series of site-specific studies on approximately 425 combustors at 160 sites. The projected annual savings achievable in converting these units is approximately 50 million barrels of oil and 240 billion cubic feet of natural gas by 1985.

FEA has sent a questionnaire, designed to obtain detailed information from the 160 sites, to GAO for review. While awaiting their formal approval, FEA is further refining the list of potential candidates through the application of a matrix of variables intended to rank-order the industrial facilities. Approximately 40 sites will be added to the list of potential candidates as additional criteria are applied. Concurrently, FEA regional offices will begin coordinating with EPA regional and state environmental agency officials to identify state and local environmental regulations applicable to the potential candidates.

Following receipt of responses to the questionnaire from the 200 sites, FEA will assign contractors to begin site-specific analyses. The results of these efforts will form the factual basis for final candidate selection. Publication of the first MFBI Notices of Intent (approximately 80) and the accompanying findings is anticipated before the end of the calendar year.

Federal facilities are also being carefully examined to identify existing sites and combustors capable of using fuels other than natural gas or petroleum products. FEA is currently meeting with officials from various federal agencies to establish timetables for conversion away from these scarce fuels.

Construction Orders

The Energy Policy and Conservation Act granted FEA the authority to issue orders to MFBIs in the "early planning process" mandating that they include the capability to burn coal as their primary energy source. Approximately 250 new MFBI-sized combustors are installed each year, representing a maximum annual potential savings of the equivalent of 31 million barrels of oil if all petroleum and natural gas consumption by these units were diverted to alternate fuels.

FEA has taken steps to implement this new authority by distributing a draft "early planning process" questionnaire to industrial concerns and other federal agencies for comment as required under GAO regulations. Their remarks are now being collected and incorporated into a new version of the questionnaire scheduled for delivery to GAO in late May. Administrative procedures capable of expeditiously handling the responses from industry (once the questionnaire has received GAO approval) are now being established

Discussions with other federal agencies have revealed their strong commitment to install coal-firing capability in new units wherever feasible. For example, the General Services Administration has recently filed with FEA their intention to install a coal- and paper-fired capability in two of their new units designed for installation in 1979 at the Washington, D.C. Central Heating Plant.

Historic Coal Burners

The requirement to comply with federal and state environmental regulations constitutes an important consideration in the conversion of industrial sites away from coal. FEA has identified 35 combustors undergoing such a conversion and has initiated steps to categorize them as potential candidates for Prohibition Orders. There are undoubtedly many more such units, however, and FEA is currently establishing means by which to identify them.

WHY SMALL BUSINESS MAY FIND FEDERAL AID HARDER TO GET

Mr. SPARKMAN. Mr. President, the Select Committee on Small Business, on which I am privileged to serve as ranking majority member, and in accordance with its oversight responsibilities, has been undertaking a complete review of each program of the Small Business Administration. In the past 12 months, 20 oversight hearings have been held by the committee on this agency, with an additional dozen or so to come. Together with other members of the committee, I will be cochairing at least six of the hearings during the next several months.

The major financial assistance program of the SBA is its 7(a) program, which the committee continued reviewing this year. During the February 23 session on 7(a) oversight, the committee received testimony on an investigative report by the General Accounting Office of this particular program. Further hearings on the 7(a) overview will be held on May 14 and 21, 1976.

Mr. President, in this connection an excellent article in the U.S. News & World Report of May 3, 1976, entitled "Why Small Business May Find Federal Aid Harder To Get" is most timely, as the Select Committee on Small Business continues its oversight hearings of the Small Business Administration.

I ask unanimous consent that this article be printed in the RECORD.

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

[From the U.S. News & World Report, May 3, 1976]

WHY SMALL BUSINESS MAY FIND FEDERAL AID HARDER TO GET

Loans that went sour . . . Abuses by banks . . . Subsidies for the rich—after millions in losses, the U.S. gets tough on big lending program.

With the economy perking up, more small businessmen will want Government-backed loans to start up companies or expand them in coming months.

But Uncle Sam will be a lot more leery than in the past about who gets this aid.

Congressional auditors have just blasted the Small Business Administration for its lax handling of loans.

They questioned an array of lending practices that may already have cost taxpayers many millions of dollars.

The SBA is an independent agency designed to help small business. One way is by guaranteeing bank loans that private financiers consider too risky to make on their own.

The agency can back up to 1.5 billion dollars a year in its largest program, called "7(a) loans."

Investigators of the General Accounting Office randomly reviewed 980 of these 7(a) loans approved by 24 SBA offices from July, 1970, to June, 1974.

They found that things had gotten out of hand.

Examples are packed into a 120-page report which the Comptroller General delivered to Congress.

CREDIT-ABILITY GAP

Nearly 9 percent of SBA loans go sour, the report claims. The figure would look even worse except that SBA tends to keep a lot of uncollectible loans on its books, instead of promptly charging them off as losses.

As of last June, 8.8 percent—or 344.1 million dollars—of the SBA's outstanding loans were in the "trouble area." That means they were delinquent by at least 60 days or were actually being liquidated. Later figures show problem loans grew still more by the end of January of this year, to 9.2 percent of some 85,000 loans of the 7(a) type.

Such loss and trouble rates "would be intolerable for a commercial lending institution," the GAO declared.

In about 1 of every 5 loans, the study continues, the SBA failed to size up adequately the financial shape of the borrower.

Many loans went to relatively wealthy businessmen—people who could have borrowed from other sources but instead turned to the SBA to get loans at lower interest rates.

These rates currently have a lid of 10½ per cent a year and often go much lower. The average interest rate on a nonguaranteed loan by a bank to its best small-business customers is below the SBA ceiling, but loans to high-risk borrowers are usually much costlier.

Applicants for SBA-backed loans are supposed to prove they cannot scrape up the money elsewhere.

One man with a net worth of about a million dollars got a guaranteed loan of $70,000. His bank already had O.K.'d a regular loan of that amount, but he went to the SBA in order to get a lower interest rate.

In another case, a taxpayer-backed loan of $120,000 went to a small manufacturing partnership. The partners had annual incomes of $91,000 and $80,250. Their combined personal net worth was $870,313. And they had cash and marketable securities totaling $60,181.

Questionable approvals of financial aid to unreliable applicants also were noted. Loans were made even when there was serious doubt they would be paid back.

An electrician, whose personal expenses and obligations exceeded income by about

$122 a month, got an SBA loan of $156,645 to buy a tavern.

Profit projections that the electrician included with his application made no subtractions for taxes, depreciation or withdrawals by the owner. But the projections were not questioned. The SBA eventually had to write off the loan.

Government-backed loans did not always go for what they were assigned, either. The SBA, it turned out, verified the use of only 1 of every 7 loans.

The agency, which usually assumes 90 per cent of the loss from a borrower's default, relied mostly on banks to decide whether borrowers had sufficient collateral and to check on whether they actually used the money as intended.

Many persons borrowed for what appeared to be legitimate purposes, then used the funds for other things: to cover their living expenses in some cases, to pay off bank loans in others.

BANK ABUSES

Government investigators unfurled plenty of evidence that commercial banks used the SBA, in effect, as a way of bailing out their own bad decisions on loans.

Banks got some of their shakiest borrowers to draw SBA-type credit for such things as "machinery" or "inventory."

Then the banks creamed off enough of the funds to recover their own credits. In many cases, the borrower went broke, leaving the SBA and the taxpayer holding the bag.

Of the 980 loans sampled by GAO probers, 202 were used to repay debts owed to banks participating in the loans. An additional 217 loans were used to pay debts owed other creditors, including nonparticipating banks.

The GAO report tells how a bank president wrote three Congressmen complaining that the SBA refused to approve a loan to a proprietor of a grain elevator on the ground that the applicant lacked ability to repay.

The Congressmen relayed the letters to SBA officials. The SBA then reversed itself and guaranteed a $300,000 loan, even though no additional evidence was furnished to show that the proprietor could repay.

The borrower used nearly half of the money to pay off notes and interest to the bank that had appealed to the Congressmen—this, even though the loan application listed the debt to that bank as only $10,000. A year and three months after SBA approved credit to the grain-elevator man, the loan was placed in liquidation.

GAO's comment: "In our opinion, the approval of this loan resulted in a bank bailout."

Many beginning entrepreneurs could have been rescued from financial peril, the report claims, but the agency gave them only slipshod help in managing their firms.

SBA officials concede that the bulk of the accusations against them are valid. But they say it is unfair to compare the default record of SBA-backed loans with those of commercial lenders. Government-backed loans are intended for the higher risks that cannot get credit readily without federal help.

Further, SBA officials argue, Congress overburdened the agency with programs at a time when SBA staffs were being reduced.

Scores of SBA employes were diverted from the shepherding of 7(a)-type loans to the handling of special loan programs for victims of Hurricane Agnes during the period examined.

TIGHTER CONTROLS

Today, officials insist, the SBA is a different agency with many new faces, including a new Administrator, Mitchell P. Kobelinski. He formerly was a director of the Export-Import Bank of the United States.

SBA's full-time staff has been expanded by 200 over the past two years to a total of 2,400. Officials expect to add another 250 employes in the fiscal year that begins July 1. Training programs have been improved.

Also, SBA has started up programs at 385 colleges to help keep SBA borrowers afloat. Some 25,000 students and 2,000 professors volunteer their skills in many management areas, such as accounting, finance and modern decision-making techniques. The agency is changing its tactics in other ways, too. Officials vow that future guarantees of loans will go only to qualified businessmen for legitimate purposes.

Controls have already been tightened, these officials say. Special inspectors are now assigned to each of the 91 cities where the SBA has field offices. A team of roving portfolio reviewers has been expanded to keep loan officers on their toes.

Other steps are being planned. And an SBA aide promises: "The next time Congress or anybody checks up on us, they'll get a picture that's much more appealing."

None of this means that the SBA is going to choke off credit to truly deserving firms, the agency asserts.

SBA loans fell off considerably during the recession. But for a year now, the agency has been issuing approvals at a rate of about 128 million dollars a month, close to its limit.

The business recovery is expected to spark much more demand for credit, so the SBA is hoping Congress will give it additional funding for the rest of this year and raise its loan ceiling in July.

SENATE WIVES SPONSOR SEMINAR ON CANCER PREVENTION AND CURE

Mr. RANDOLPH. Mr. President, we know that despite the monumental advances in medical technology and health care, the vast improvements in our Nation's health would be impossible without the dedicated efforts of millions of volunteers.

One example of this devotion to the collective well-being of our fellow citizens occurred here last Friday, April 9, when many of our colleagues and their wives joined in tribute to those who fight against cancer. Seventeen Senators and 16 Senate wives gathered at the Capitol to learn of the progress being made in cancer control. We received reports from leading cancer specialists affiliated with the National Cancer Institute and the American Cancer Society.

What we learned will allow us to spread the message to our constituents on the importance of regular health checkups for the early detection and cure of cancer.

Dr. Benjamin F. Byrd, Jr., president of the American Cancer Society and distinguished cancer surgeon of Nashville, Tenn., provided a hopeful report when he told the group:

At this very moment, there are 1.5 million Americans alive and well five years after cancer treatment without any residual signs of disease. In general, those patients who are alive and well without residual signs of disease after 5 years are accepted as cured. There are another 1.4 million American men, women, and children who have been treated and are waiting to reach that five-year mark, and many of them will make it.

Chairman of the event was Mrs. Ernest F. Hollings, supported by Mrs. Birch Bayh, Mrs. James L. Buckley, Mrs. Jake Garn, Mrs. Patrick Leahy, Mrs. Ted Moss and Mrs. Harrison A. Williams.

It was the first such event sponsored by the wives of all the Senators. As good will ambassadors from their home States, the ladies seek to inform themselves first hand on cancer control so that they may advise and encourage all women in their various States to have regular checkups in the early detection and cure of cancer.

Special guests, in addition to Dr. Byrd were:

Dr. LaSalle D. Leffall, Jr., chairman, Department of Surgery, Howard University; Dr. Vincent F. DeVita, director, division of cancer treatment, National Cancer Institute; Dr. Gio Gori, deputy director, Division of Cancer Cause and Prevention, NCI; and Dr. Marget H. Sloan, Division of Cancer Control and Rehabilitation, NCI.

Dr. Byrd's remarks were timely and informative, and his message should be more widely shared by those who are touched by the fears and demoralizing effects of this dreadful disease. I ask unanimous consent that Dr. Byrd's message be printed in the RECORD.

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

REMARKS OF DR. BENJAMIN F. BYRD, JR., PRESIDENT OF AMERICAN CANCER SOCIETY

It is my great privilege to speak with you today on behalf of 2.3 million American Cancer Society volunteers throughout the nation who are working towards a single goal—a world free of cancer.

At this very moment, there are 1.5 million Americans alive and well five years after cancer treatment without any residual sign of disease. In general, those patients who are alive and well without residual signs of disease after five years are accepted as cured. And there are another 1.4 million American men, women, and children who have been treated and are waiting to reach that five-year mark, and many of them will make it.

I am speaking in terms of millions, but we in the American Cancer Society don't think that way. We think in terms of the individual, and that is why in planning this rather unusual gathering, we thought you would be interested in the Society's educational message—how to protect yourself against cancer. We hope that you will ask questions of our experts and familiarize yourself with the life-saving importance of early detection and prompt treatment. We hope that you will remind yourself and your loved ones to have checkups, including cancer tests, regularly.

Then, we hope that you will do us the great service of becoming ambassadors for cancer control in your home states and help save lives while research continues to find the big answers.

I myself have been committed to the problems related to breast cancer for much of my professional life. By the time that breast cancer patients come to treatment, one-half of these patients have advanced disease which constitutes an almost insurmountable threat to survival. As most of you know, the American Cancer Society and the National Cancer Institute are sponsoring 27 Breast Cancer Detection Demonstration Projects, including one here at Georgetown University. In these projects we are using sophisticated techniques to find cancer in the earliest possible stage, before the appearance of a breast lump or swelling; in this stage the chances of cure are excellent. Among the 245,000 women who are participating in this five-year program, there have been no reported deaths from breast cancer. There have been no deaths recorded at the two centers where we are three years into the program and where more than 120 breast cancers have been found. And out of this group of more than 120 breast cancers, there have been only two recurrences of the disease, both highly unusual cases.

We know that today there are a quarter of a million American women with a breast cancer at some stage of growth that may not be detected by customary means until 1977–'78–'79 or later. Our projects are teaching us many things—including ways of determining who may be at the highest risk of developing breast cancer, and therefore who needs the most careful monitoring.

We have the potential of saving half the people dying of cancer today—338,000 people—if we can translate what we know about cancer prevention, early diagnosis and prompt treatment into reality. Research gave us the priceless Pap test, capable of finding cervical cancer before the appearance of a single symptom, when the disease is almost 100% curable—yet thousands of women still die because they either fail to take a Pap test or fail to take it regularly.

Research has taught us that most lung cancer could be prevented if cigarette smoking could be eliminated, yet this country is experiencing an epidemic of lung cancer deaths—84,000 this year alone. It is with great alarm that I report that our most recent surveys show cigarette smoking on the rise among teenage girls, and a great rise in heavy smoking among young women. In the twenty-year period from 1951–53 to 1971–73, Lung cancer deaths among women jumped 173%, and lung cancer is already the greatest cancer killer of American men.

What will happen in the future when the young smokers of today reach the high risk lung cancer years?

It's a frightening prospect. This dilemma has its irony because as we all know, young people today care about ecology and the dangers of pollution and cigarette smoking is certainly the most lethal form of internal pollution that we know. In fact, cigarette smoking is the greatest known environmental cause of cancer.

The environment is of course a major concern to those of us in the cancer battle. It may possibly be the enemy around us. While this appears to be news to others, it is an old story to the ACS. Our scientists pinned down the cigarette hazard more than 20 years ago and we were among the first to establish the relationship between asbestos particle inhalation and the onset of tumors. And there are an estimated million American workers at this risk today.

When it comes to a possible hazard as huge as our total environment, we must establish priorities—eliminate or control the known carcinogens such as cigarette and vinyl chloride, and develop fast effective means of screening old and new chemicals for cancer potential.

We ask much of research, and much has been delivered. At the end of the Second World War there was almost no cancer research. A child stricken with acute leukemia was dead within weeks of diagnosis; a Hodgkin's disease patient was considered hopeless; we had surgery and radiation but cancer drugs were a dream. All that has changed dramatically. We have a battery of 50 drugs that affect cancer and we can use them in dynamic ways, combining them with each other or surgery or radiation. We have the aid of the immunotherapist, trying to prod the cancer patient's own ability to fight disease to throw off cancer. That has been one of the mysteries—why does our immune system fail us when it works so splendidly against other diseases?

Obviously, there is much more to tell you and I ask that you lend us your capability for leadership. But I am also here to thank you for your concern and interest, and to ask that you lend us your leadership.

I can say most truthfully, you are in a position to make a difference—a big difference.

CONSUMERS UNION PETITION TO FDA

Mr. KENNEDY. Mr. President, Consumers Union has been an active participant in a number of agency proceedings in Washington. In each case, it has provided the agency with the perspective of the general consuming public—a viewpoint which all too often is not otherwise heard, as industries and trade associations flood the agencies with petitions and pleadings on behalf of special interests.

Consumers Union recently proposed that the Food and Drug Administration utilize its inherent authority to reimburse eligible advocates for reasonable costs of participating in formal FDA proceedings. This authority, which the Comptroller General has found to exist at the Federal Trade Commission and the Nuclear Regulatory Agency even in the absence of specific statutory language, is concomitant to the agency's power to insure the integrity, fairness, and completeness of its decisionmaking processes.

The Subcommittee on Administrative Practice and Procedure which I chair has recently reported S. 2715, to provide legislative reaffirmation of this authority of agencies to award costs of participation to certain eligible intervenors in agency proceedings. A portion of the Consumers Union's proposal tracks the language in my bill. It contains a constructive and tightly drawn approach to allowing agencies to supplement the records of their proceedings by supporting greater public participation. S. 2715, of course, applies to all agencies and provides a specific authorization for funds; it also authorizes court awards of attorneys' fees and other participation costs in appropriate cases.

Mr. President, the Consumers Union petition to the FDA provides an informative argument and analysis of the need for agencies directly to support greater citizen involvement in administrative proceedings. I ask unanimous consent that the petition be printed in the RECORD.

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

CITIZEN PETITION

Consumers Union[1] submits this petition pursuant to Section 4(d) of the Administrative Procedure Act [5 U.S.C. 553(e)] and § 2.7 of FDA's Administrative Practices and Procedures (40 Fed. Reg. 406721) to request the Commissioner of Food and Drugs to issue a regulation under Section 701(a) of the Federal Food, Drug and Cosmetic Act [21 U.S.C. 371(a)] amending §2.51 of the Administrative Practices and Procedures[2] to provide for compensation of certain participants in FDA hearings, in view of FDA's statutory obligation to conduct fair and balanced hearings.

A. THE PROPOSED REGULATION[3]

§2.151(a)(1) The Commissioner may provide compensation for reasonable attorneys' fees, expert witness fees, and other reasonable costs of participation incurred by eligible participants in any rulemaking or adjudicatory proceeding conducted pursuant to Subparts B, C, D, and E of these regulations, whenever public participation in such a proceeding promotes or can reasonably be expected to promote a full and fair determination of the issues involved in the proceeding.

(2) Any person is eligible to receive an award under this section for participation (whether or not as a party) in a rulemaking or adjudicatory proceeding if—

(i) the person represents an interest the representation of which contributes or can reasonably be expected to contribute substantially to a fair determination of the proceeding, taking into account the number and complexity of the issues presented. The importance of public participation, and the need for representation of a fair balance of interests; and

(ii) (a) the economic interest of the person in the outcome of the proceeding is small in comparison to the costs of effective participation in the proceeding by that person or, in the case of a group or organization, the economic interest of the individual members of such group or organization is small in comparison to the costs of effective participation in the proceedings; or

(b) the person demonstrates to the satisfaction of the Commissioner that such person does not have sufficient resources available to adequately participate in the proceeding in the absence of an award under this section.

(3) (i) In order to facilitate public participation, the Commissioner shall make a determination of the eligibility of a person for an award under this section, and the amount of such award, prior to the commencement of any proceeding, unless the Commissioner makes an express written finding that such a determination cannot practically be made at that time.

(ii) Payment of fees and costs under this section shall be made within 90 days of the date on which a final decision or order disposing of the matters involved in the proceeding is made by the Commissioner. If an eligible person establishes, in a manner to be prescribed by the Commissioner, that its ability to participate in the proceeding will be impaired by the failure to receive funds prior to the conclusion of the proceeding, then the Commissioner shall make advance payments to permit the person to participate or to continue to participate in the proceeding.

(iii) Reasonable attorneys' fees, expert witness fees, and other reasonable costs of participation awarded under this section shall be based upon prevailing market rates for the kind and quality of service provided, but in no event shall exceed the rate of compensation (including fringe benefits and overhead) paid to FDA's attorneys, expert witnesses, and other personnel with comparable experience and expertise.

B. STATEMENT OF THE GROUNDS

Representation of diverse points of view, including the traditionally under-represented consumer viewpoint, is essential to fair and balanced decision-making by the Food and Drug Administration. However, the high costs of participation in administrative proceedings precludes effective participation in agency proceedings by nonindustry groups in the absence of financial assistance from FDA. FDA has inherent authority, even in the absence of explicit statutory sanction, to compensate certain participants for attorneys fees and other costs of participation, in view of its broad regulatory powers and the statutory requirement that FDA conduct public hearings with respect to certain regulatory actions.

1. Financial Assistance Is Necessary for Effective Public Participation and Advocacy of Diverse Points of View Before the FDA

Public participation is an essential element of a sound, balanced administrative decision-

Footnotes at end of article.

making process. An imbalance in the advocacy of diverse points of view before regulatory agencies is likely to produce an imbalance in the decisions which are ultimately reached by agency officials. As Roger Cramton,[4] a former chairman of the Administrative Conference of the United States, has written, "The cardinal fact that underlies the demand for broadened public participation is that governmental agencies rarely respond to interests that are not represented in their proceedings." [5]

It is no longer an accepted notion that the agency can itself perform as the advocate for the "consumer interest," as distinct from the interest of the regulated industries. Judge Warren Burger, now Chief Justice of the Supreme Court, cast aside such thoughts with respect to the Federal Communications Commission nearly a decade ago in *Office of United Church of Christ* v. *FCC* when he wrote:

"The Commission of course represents and indeed is the prime arbiter of the public interest, but its duties and jurisdiction are vast, and it acknowledges that it cannot begin to monitor or oversee the performance of every one of thousands of licensees . . .

The theory that the Commission can always effectively represent the listener interests in a renewal proceeding without the aid and participation of legitimate listener representatives fulfilling the role of private attorneys general is one of those assumptions we collectively try to work with so long as they are reasonably adequate. When it becomes clear, as it does to us now, that it is no longer a valid assumption which stands up under the realities of actual experience, neither we nor the Commission can continue to rely on it." 359 F.2d 994, 1003 (1966).

His remarks apply with equal logic to representation of diverse interests before FDA. At present advocacy before FDA follows the usual pattern:

[Governmental agencies] are exposed, with rare and somewhat insignificant exceptions, only to the view of those who have a sufficient economic stake in a proceeding or succession of proceedings to warrant the substantial expense of hiring lawyers and expert witnesses to make a case for them.[6]

Although the interests of the food, drug, cosmetic and medical devices industries are frequently at odds with the interests of consumers of these regulated products, consumer advocacy before FDA is rare, sporadic, and virtually always underfinanced, while the regulated industries maintain continuous and well-financed advocacy directly and through their trade associations.[7]

Yet Congress clearly intended that, in exercising its extensive regulatory powers, FDA fully consider the interests of those who consume the products regulated by the agency, as well as the interests of those who produce them. With regard to certain actions of FDA, Congress directed FDA to conduct hearings upon objection by "any person who will be adversely affected" by such orders, and explicitly stated that "any interested person" may be heard at these hearings. Addressing itself to similar language in the Atomic Energy Act,[8] the Nuclear Regulatory Commission recently stated that such language "(p)resumably . . . reflects a Congressional emphasis on the importance of hearings and of broad participation in the [licensing] process.[9]

Consistent with its statutory mandate, FDA has removed formal obstacles to public participation in its proceedings by adopting broad rules of standing for both initiation of and participation in formal agency proceedings.[10] In the Preamble to its Administrative Practices and Procedures, FDA has adopted a broad interpretation of the statutory language of Sec. 701(e) as follows:

The terms "interested person" and "any person who will be adversely affected" are defined very broadly to mean *any person who wishes to participate in any proceeding* of the Food and Drug Administration. There is no requirement that such person exhibit any particular interest, or show any specific economic or other harm or other indicia of "standing." Since Food and Drug Administration activities directly affect all members of the public, all members of the public who wish to participate are "interested persons" and "adversely affected" by definition. The courts have ruled that all citizens who wish to challenge agency actions affecting food and drugs are "adversely affected" and thus may properly submit objections and otherwise participate in administrative proceedings where the statute requires such a showing. See *Reade* v. *Ewing*, 205 F. 2d 630 (2d Cir. 1953) (emphasis supplied).[11]

While advocates of consumer interests thus enjoy broad rights of participation at FDA, as a practical matter these are hollow rights in the absence of adequate funding for the costs of preparing and presenting effective testimony.[12] As the Administrative Conference has recognized, "(t)he cost of participation in trial-type proceedings can render the opportunity to participate meaningless." [13] As Simon Lazarus and Joseph Onek have stated:

Assuring the legal rights of public interest representatives to participate in regulatory proceedings is a vital first step. It is, however, only a first step. Without further affirmative action to assure that public representatives actually appear, the legal right to participate will be largely a symbolic—perhaps merely a comestic—advance.[14]

Ernest Gellhorn put it more strongly: "If public participation is in fact a 'right' which agencies have a mandate to foster, failure to render some assistance amounts to a practical subversion of that mandate." [15]

So-called "public interest" organizations generally operate under strict financial constraints,[16] and have little or no funding available for intervention or participation. Many such groups operate with volunteer labor and little or no legal assistance. Others possess some legal capability but little or no in-house scientific expertise. Even larger organizations are unable to afford participation in most of the agency proceedings which affect the health and safety of their memberships or constituencies. Despite the limited monetary and manpower resources, however, many of these groups represent memberships or constituencies of substantial size.

FDA's Administrative Practices and Procedures rules permit a participant who is "indigent" and whose participation has a "strong public interest justification" or one whose participation "can be considered primarily as benefiting the general public" to petition *in forma pauperis* for an exemption from the filing and service requirements of the rules. § 2.151 of the Administrative Practices and Procedures. While reducing duplicating and mailing expenses associated with participation is desirable, these cost savings represent but a tiny fraction of the actual costs incurred by intervenors in FDA proceedings and will not induce a group to participate fully in a proceeding it cannot otherwise afford.

While the actual costs of participation will of course vary with the nature and length of the proceeding, the complexity of the issues and the extent of the participation, Cramton has estimated that the "cost of active participation in an FDA rulemaking proceeding is in the range of $30,000-$40,000." [17] This estimate is based upon Administrative Conference staff interviews with "informed persons, including agency staff members, public interest lawyers, and private practitioners." [18] It was made in 1972. The cost of living having increased 35% since then, the current figures are closer to $40,000-$54,000. Costs for participation in a more complex rulemaking or adjudicatory hearing could entail substantially greater expense.

In summary, while the Act sets forth the rights of any aggrieved person to request and receive a public hearing, and for any interested person to be heard at such hearing, virtually no non-industry persons have been able to invoke these rights. In practical effect, these rights of participation are hollow and the record upon which FDA ultimately bases decisions directly affecting the public is thereby impoverished and untested. As a practical matter, systematic advocacy of diverse points of view is likely to occur only if FDA actively encourages participation by those who are likely to contribute to a fuller fairer, and more balanced record by reducing the financial barriers to such participation.[19]

2. Authority to compensate intervenors is inherent in FDA's statutory mandate

FDA's broad regulatory powers,[20] and the procedural requirements attendant to the exercise of those powers (see *supra* at 6) are sufficient to permit FDA to compensate intervenors who can be expected to contribute to the fairness and balance of FDA proceedings. Indeed, FDA possesses not only the *ability* to compensate such intervenors but may well have a *duty* to do so where compensation is necessary to develop a fair and balanced record. 21 U.S.C. § 371(e). As the Court of Appeals for the Second Circuit has stated, an agency (in that case, the Federal Power Commission) "must see to it that the record is complete. [The agency] has an affirmative duty to inquire into and consider all relevant facts." [21]

In February, 1976, the Comptroller General of the United States removed any vestige of doubt that an agency may use funds which Congress appropriates for "necessary expenses" to compensate indigent intervenors, *even in the absence of explicit statutory authority for compensation*.[22] Responding to an inquiry from the General Counsel of the Nuclear Regulatory Commission as to the NRC's authority to reimburse for attorneys fees, expert witness fees, and related expenses of participants in nuclear licensing and rulemaking proceedings, the Comptroller General concluded that NRC has the legal authority to compensate indigent intervenors with funds generally appropriated for "necessary expenses" if the agency determines, as a matter of discretion, that compensation is "necessary" to meet its statutory obligation to conduct public hearings.[23]

The Comptroller General's opinion states:

While 31 U.S.C. § 628 (1970) prohibits agencies from using appropriated funds except for the purposes for which the appropriation was made, we have long held that where an appropriation is made for a particular object, purpose or program, it is available for expenses which are reasonably necessary and proper or incidental to the execution of the object, purpose or program for which the appropriation was made, except as to expenditures in contravention of the law or for some purpose for which other appropriations are made specifically available. (Cites omitted).

The question, of course, *is whether it is necessary to pay the expenses of indigent intervenors in order to carry out [the agency's] statutory functions* . . . We believe only the administering agency can make that determination . . .[24]

Addressing more directly the question of whether compensation of intervenors might constitute a "necessary expense", the Comptroller General referred to provisions of the Atomic Energy Act which mandate that, in licensing matters, NRC "shall grant a hearing upon the request of any person whose interest may be affected by the proceeding," [25] and concluded that:

Footnotes at end of article.

". . . if NRC in the exercise of its administrative discretion, determines that it cannot make the required determination unless it extends financial assistance to certain interested parties who require it, and whose participation is essential to dispose of the matter before it, we would not object to the use of appropriated funds for this purpose. This is essentially the same rationale we followed in our decision B–139703, July 24, 1972, in which we held that the Federal Trade Commission (FTC) had authority to pay certain expenses incurred by indigent respondents and intervenors appearing before the Commission in adjudicative proceedings." [26]

FDA, like NRC, receives substantial appropriations for "necessary expenses, not otherwise provided for." [27] Clearly, under the rationale set forth by the Comptroller General with respect to NRC, the Commissioner has authority to determine whether compensation of certain intervenors is "necessary" for a fair and balanced hearing, and if he so determines, to award compensation to these participants.[28]

The courts, too, have long recognized that an agency has inherent authority to take actions which it deems necessary and appropriate to carrying out its explicit statutory responsibilities. As the Court of Appeals for the Seventh Circuit observed in *Northern States Power Co.* v. *FPC*.[29]

If [the agency] is intelligently to exercise its extensive regulatory and supervisory power, it must have been intended that it shall have power to do everything essential to the execution of its clearly granted powers and the achievement of the purposes of the legislation.

The Second Circuit Court of Appeals has stated, "It has been the law at least since *McCulloch* v. *Maryland*, 4 Wheat. 316, 4 L. Ed. 579, that the lawful delegation of a power carries with it the authority to do whatever is reasonable and appropriate properly to effectuate the power." [30] While *McCulloch* v. *Maryland* dealt with delegation of authority by the states to the federal government, the general reasoning of that decision nonetheless applies to delegation of authority by Congress to the regulatory agencies and to the "implied powers" which petitioner urges FDA to recognize. Justice John Marshall reasoned as follows:

"[I]t may, with great reason be contended that a government entrusted with such ample powers . . . must also be entrusted with ample means for their execution. The power being given, it is in the interest of the nation to facilitate its execution. It can never be their interest, and cannot be presumed to have been their intention, to clog and embarrass its execution by withholding the most appropriate means . . ." [31]

Compensation of intervenors has been deemed by several agencies to be an "appropriate means" for responding to the dilemma of how to widen participation in agency proceedings in the face of exorbitant costs to participants.[32] In fact, FDA has made some modest strides toward assisting intervenors by reducing costs, apparently on the assumption that such actions are within the agency's inherent authority. First, indigents may apply to participate in formal proceedings *in forma pauperis*, thereby reducing filing and duplicating costs, which are absorbed by FDA. (See *supra* at 8). Secondly, participants in any FDA proceeding, formal or informal, may request that outside independent experts be consulted by the presiding officer, as witnesses, at FDA expense.[33] Such mechanisms, while helpful, are not adequate to effectively encourage public participation, as is clearly evidenced by the paucity of such participation in FDA proceedings. Direct reimbursement of costs, including attorneys fees, would be the appropriate next step, still within FDA's inherent authority, to insure fair and balanced hearings.

Finally, as the Comptroller General's recent opinion makes clear, the absence of explicit statutory authority to compensate intervenors in no way implies that compensation is inappropriate. Indeed, on at least one occasion, Congress has expressly stated as much. In deleting Senate-approved financial assistance language from the Energy Reorganization Act of 1974,[34] a Conference Committee took pains to explain the limited impact of that action. The Report of the conference committee states:

The deletion of [the financial assistance provision] is in no way intended to express an opinion that parties are or are not now entitled to some reimbursement for any or all costs incurred in licensing proceedings. Rather, it was felt that because there are currently several cases on this subject pending before the [Atomic Energy] Commission, it would be best to withhold Congressional action until these issues have been definitively determined. The resolution of these issues will help the Congress determine whether a provision similar to Title V is necessary since it appears that *there is nothing in the Atomic Energy Act, as amended, which would preclude the Commission from reimbursing parties where it deems it necessary.* (Emphasis supplied).[35]

Surely if affirmative Congressional action to delete a provision authorizing reimbursement is not to be construed as an expression of Congressional intent that reimbursement is unauthorized, then mere science cannot be so construed, particularly in light of the inherent authority of the agency to affect such reimbursement.

CONCLUSION

Thus, it is clear that FDA has ample power to compensate legitimate and prudent expenses of intervenors whose participation is likely to result in fairer, more balanced decision making by FDA. Compensation would further the important regulatory goals of facilitating responsible and productive public participation and providing a broader base upon which to rest crucial decisions affecting the consumers of foods, drugs, and other products regulated by FDA.

Authority to compensate intervenors is inherent in FDA's broad regulatory powers, its Congressionally mandated hearing procedure, and the wide discretion afforded in its appropriations legislation. It is barred neither by FDA's authorizing legislation nor its appropriations authority.

The undersigned certifies that, to the best of her knowledge and belief, this petition includes all data, information and views on which petitioner relies, and that it includes representative data and information known to the petitioner which are unfavorable to the petition.

FOOTNOTES

[1] Consumers Union is a nonprofit membership organization chartered in 1936 under the laws of the State of New York to provide information, education and counsel about consumer goods and services and the management of the family income. The Washington office of Consumers Union is engaged in advocacy of consumer interests before the courts and regulatory agencies, including FDA. Consumers Union's income is derived solely from the sale of *Consumer Reports* (magazine and TV) and other publications. Expenses of occasional public service efforts may be met, in part, by nonrestrictive, noncommercial grants and fees. In addition to reports on Consumers Union's own product testing, *Consumer Reports*, with its almost 2 million circulation, regularly carries articles on health, product safety, marketplace economics, and legislative, judicial and regulatory actions which affect consumer welfare. Consumers Union's publications carry no advertising and receive no commercial support.

[2] Although FDA's Administrative Practice and Procedures remain in proposed form, it is nonetheless appropriate to petition for amendment of the proposal, and to cite the proposal as a statement of current agency policy. The proposal is substantially a compilation and codification of existing practices and procedures at FDA. Although adoption of the proposal as a final regulation was delayed by judicial action, FDA made clear its intention to operate in compliance with many of the provisions of the proposal. See *American College of Neuropharmacology* v. *Weinberger et al*, Civil Action No. 75–1187 (D.D.C. 1975) and the Preamble to the proposed regulations, 40 Fed. Reg. 40682 et seq. (September 3, 1975).

Petitioner urged adoption of the substance of this petition in brief comments on the proposed regulations submitted pursuant to the Federal Register notice of September 3, 1975. However, because the recommendation that FDA authorize reimbursement of certain participants in its proceedings raises significant policy issues, petitioner believes that these issues merit consideration independently of other issues raised by the proposed regulations.

[3] See Appendix A for explanatory material.

[4] The importance of public participation in administrative proceedings has been acknowledged by the President, by Congress, by the Courts, by the Administrative Conference of the United States, and by various commentators. See, e.g., letter from President Ford to Senator Ribicoff, Rep. Brooks, and Rep. Staggers, April 17, 1975 (released to press by White House); Federal Trade Commission Improvements Act, 15 U.S.C. § 57(a)(h) (compensation for attorneys fees in rulemaking proceedings); Hearings on S. 2715 before the Senate Subcommittee on Administrative Practice, 94th Cong., 2d Sess. (Jan. 30, 1976 and Feb. 6, 1976) (Kennedy bill providing for reimbursement of costs of participation); *National Welfare Rights Organization* v. *Finch*, 429 F. 2d 725 (D.C. Cir. 1970); *Office of Communications of United Church of Christ* v. *F.C.C.*, 359 F. 2d 994 F. 2d 608 (2d Cir. 1965); Recommendation 28, 2 Recommendations and Reports of the Administrative Conference of the United States 35 (1970–1972), reprinted in 30 Ad.L.2d 121 (1972); Cramton, "The Why, Where and How of Broadened Public Participation in the Administrative Process," 60 Geo.L.J. 525 (1972); Gellhorn, "Public Participation in Administrative Proceedings," 81 Yale L.J. 359 (1972); Lazarus and Onek, "The Regulators and the People," 57 Va.L. Rev. 1069 (1972); Note, "Federal Agency Assistance for Impecunious Intervenors," 88 Harv. L. Rev. 1815 (1975).

[5] 60 Geo. L.J., *supra* at n. 4, at 529.

[6] *Id.*

[7] One measure of this imbalance is FDA's Public Calendar, which indicates constant and routine contacts between members of the regulated industries, and only occasional contacts with nonindustry spokespersons.

[8] The Atomic Energy Act provides that "The Commission shall grant a hearing upon the request of any person whose interest may be affected by the proceeding, and shall admit such person as a party to such proceeding." 42 U.S.C. § 2239.

[9] In *the Matter of Consumer Power Co.* (Big Rock Point Nuclear Plant) Docket 50–155 (Memorandum and Order, November 21, 1974), at 5.

[10] See § 2.3(12), § 2.110(3), § 2.117, § 2.130, § 2.155 of the Administrative Practices and Procedures.

[11] 40 Fed. Reg. 40683 (Sept. 3, 1975).

[12] Although the extent of participation varies from proceeding to proceeding, effective participation will usually involve extensive investigatory work, surveying, case preparation and the testimony of experts who serve as consultants and/or witnesses. Public interest representatives "cannot merely rely on legal arguments that certain interests be taken into account but must develop an affirmative case of their own." Cramton, *supra*, at 539. That is expensive, well beyond the means of advocates of consumer interests. See *infra*, pp. 8–9.

[13] Recommendation 28, *supra*.

[14] 57 Va.L.Rev., *supra*, at 1096.

[15] Yale LJ., *supra*, at 389.

[16] The phrase "public interests" is a term of art, suggesting a group that represents diffuse non-commercial interests which traditionally have not received direct representation in the courts, agencies, or legislature.

[17] 60 Geo. L. J., *supra*, at 538.

[18] *Id.* a 538, n. 31.

[19] The Supreme Court has recognized approvingly the ability of agencies to encourage or discourage certain activities by adjusting the costs attendant to these activities. In *National Cable Television Association* v. *U.S.*, 415 U.S. 336 (1974), the Court stated: "The lawmaker may, in light of the 'public policy or interest served' make the assessment heavy if the lawmaker wants to discourage the activity; or it may make the levy light if a bounty is to be bestowed . . ." 415 U.S. at 1149.

Although these comments were made in relation to direct assessment of fees by an agency against a regulated industry, they apply with equal logic to the unavoidable "assessment" of costs against those who wish to take part in agency proceedings. Interestingly, the Court further stated that, to the extent the benefits of certain agency actions accrue principally to the public, private parties should not be made to bear the costs of such actions, 415 U.S., at 1150. By analogy, where non-industry advocates bear the burden of preparing and presenting an effective case, which aids FDA in reaching a decision which benefits the public health and welfare, it is appropriate that the public bear a portion of the expense.

[20] Congress vested in FDA responsibility for protecting consumer health, safety, and, to a limited extent, economic wellbeing, in the purchase and use of foods, drugs, cosmetics and medical devices. 21 U.S.C. § 321 *et seq.*; 15 U.S.C. § 1451 *et seq.* FDA's extensive regulatory powers include the authority to approve drugs before they can be marketed; to set standards of identity and quality for food products; to require ingredient, warning or other labeling of products within the agency's jurisdiction; and to remove from the marketplace products which are misbranded, adulterated, or otherwise in violation of the requirements of the Act.

[21] Scenic *Hudson Preservation Conference* v. *FPC*, 354 F.2d 608, 620 (1965), and cases cited therein.

[22] Comptroller General's Opinion B–92288 (Feb. 19, 1976), attached hereto as Appendix B.

[23] The Comptroller General's opinion was sought by the General Counsel of NRC, following a determination by members of the Commission that they are "tentatively inclined to the conclusion" that the agency does have authority to assist intervenors financially and a published notice seeking comment on the issue. See *In the Matter of Consumer Power Co.* (Big Rock Point Nuclear Plant), Docket No. 50–155, Memorandum and Order (Nov. 21, 1974) at 5; and 40 Fed. Reg. 37056 (Aug. 25, 1975).

[24] Comptroller General's Opinion, *supra*, at 3. (Emphasis supplied). In a previous opinion, the Comptroller General made similiar statements with respect to FTC's authority to spend its general statements with respect to FTC's authority to spend its general appropriated funds to compensate intervenors:

The appropriations for the Commission are normally available for "necessary expenses." While the Commission submits budgets to the Congress prior to the passage of the appropriation acts, the appropriations are enacted in the form of lump sums with no specific limitations as to use. Thus, *the determination of what constitutes "necessary expenses" is left to the reasonable discretion of the Commission.*

Comptroller General's Opinion B-139703, July 24, 1972, reprinted at Pike & Fischer, Ad.L.2d at 424 and as addendum to 60 Geo. L.J. 525.

With respect to FTC, the Comptroller General was asked to assess the authority of the agency to reimburse for transcript costs, attendance fees, mileage and subsistence expenses of witnesses or respondents, travel and other connected expenses of the intervenor's attorney and traveling and subsistence expenses incident to his own appearance.

[25] Opinion B–92288, *supra*, at 3, citing 42 U.S.C. § 2239(a).

[26] *Id* at 4. The Comptroller General's opinion on FTC's authority to compensate indigent intervenors addressed this point as follows:

Insofar as intervenors are concerned, section 5(b) of the Federal Trade Commission Act, as amended, 15 U.S.C. 45(b) specifically authorizes the Commission to grant intervention "upon good cause shown." Thus, if the Commission determines it is necessary to allow a person to intervene in order to properly dispose of a matter before it, the Commission has the authority to do so. As in the case of an indigent respondent, and for the same reasons, appropriated funds of Commission would be available to assure proper case preparation.

[27] Pub. L. No. 94–122, Title 5, Slip. Op. at 25.

[28] Neither *Alyeska Pipeline Service Co.* v. *Wilderness Society*, 421 U.S. 240 (1975), *Turner* v. *FCC*, 514 F.2d 1354 (D.C. 1975), nor *Greene County Planning Board* v. *FPC* are applicable with respect to the relief sought by this petition. As the Comptroller General stated in his NRC opinion:

In both the *Alyeska* and *Turner* cases, plaintiffs, the prevailing parties, sought to force their adversaries to pay their costs, including reasonable attorneys' fees. All the court did, in our view, is to uphold the "American rule," that in the absence of a statutory provision to the contrary, neither a court nor a regulatory commission may shift the costs from one litigant to the other. In the *Greene County* case, the court said it had no power to *order* either the opposing litigants or the agency to pay the costs of the intervenors.

In the matter before us, we are not considering whether [the agency] has the authority to determine whether one participant in its proceedings should pay the expenses of the other, nor are we concerned with whether the persons to whom financial assistance is extended prevail. There is also no question of *compelling* [the agency] to pay the expenses of any of the parties. (Emphasis original). Comptroller General's opinion, *supra*, at 7.

[29] 118 F.2d 141, 143 (1941), citing *Clarion River Power Co.* v. *Smith*, 61 App. D.C. 186, 59 F.2d 861 (1932). In that case, the Court held that the FPC could require its licensee to adopt a particular accounting procedure, in the absence of explicit statutory authority to do so. The ability to require such procedures was held to be "the necessary implication of the [Federal Power] act." *Id.*

[30] *Gallagher's Steak House* v. *Bowles*, 142 F.2d 530, 534 (1944).

[31] 4 Wheat. 316, , 4 L.Ed. 579,

[32] The Consumer Product Safety Commission, for example, agreed to reimburse a public interest witness for the costs of travel to a hearing on fireworks when consumer representatives petitioned the agency claiming that such travel expenses were beyond the means of representatives of their point of view. The Commission ruled that: Should the Presiding Officer consider it necessary to a *full and complete hearing* to have the Commission provide for a representative of those parties in favor of the proposed rule or a stricter rule to appear at the Commission expense in Kansas City and Honolulu, then he may so rule. *In Re Fireworks Devices*, CPSC Docket No. 74–3.

More recently, the CPSC ruled that it had authority to pay for the counsel of an indigent respondent and to reimburse those expenses of respondents "reasonably necessary to make meaningful the representation by counsel." *In the Matter of Esquire Carpet Mills, Inc.*, FTC Docket No. 8013 (CPSC June 2, 1975), Slip Op. at 3.

[33] Letter from Peter Hutt, then General Counsel of FDA, to Tersh Boasberg, Esq. May 12, 1975. See also § 2.151 and § of the Administrative Practices and Procedures.

[34] This provision sponsored by Senator Kennedy, would have allowed the Nuclear Regulatory Commission to "reimburse eligible parties for the cost of participation, including reasonable attorneys' fees . . ." See Senate debate, 120 Cong. Rec. § 15050–15054 (daily ed. *August 15, 1974*).

[35] H. Rep. 93–1445, 93rd Cong., 2d Sess. 37 (1974). In reference to this conference report language, the Comptroller General has stated:

We do not agree that the deletion of the Senate amendment indicated congressional intent to deny the NRC authority to reimburse intervenors. On the contrary, it appears that the members of the conference committee felt that although they wished to await NRC's final position on the matter, quite possibly specific legislation would not be necessary to authorize such financial assistance since they believe that the Atomic Energy Act as amended already contains the necessary authority. Opinion B–92288 (February 19, 1976), at 6. (Emphasis added)

APPENDIX—EXPLANATORY MATERIAL

The proposed regulation is an adaptation of the proposed Public Participation in Government Proceedings Act[1] and the compensation provision of the proposed Consumer Food Act of 1976, as reported by the Senate Labor and Public Welfare Committee and the Senate Commerce Committee.[2] Petitioner selected these models as the basis for the proposed regulation because they include improvements which experience under the FTC Improvement Act, 15 U.S.C. § 557(a)(h) and the regulations pursuant thereto[3] has shown to be warranted.

Under the proposed regulation, applicants for compensation must meet both an "interest" test and an "economic" test before funds may be awarded.

It is petitioner's intention that under the "interest" test [§ 2.151(a)(2)(1)], compensation will be awarded to applicants who represent interests which can reasonably be expected to contribute to the fairness and bal-

[1] S. 2715, 94th Cong., 1st Sess.

[2] S. 641 and S. Rep. 94–684. The fact that Congress is considering statutory language to authorize agencies, including FDA, to compensate intervenors does not imply that agencies lack authority to so provide by regulation. As the Comptroller General has stated with respect to enactment of the FTC Improvement Act, "[w]e do not feel that enactment of this provision was intended to overrule or modify the basis of our 1972 decision so as to reflect on its precedent value in dealing with agencies for which Congress has not enacted a similar statutory provision." Comptroller General's Opinion B–92288, at 5.

[3] 16 C.F.R. § 1.117.

ance of a proceeding, but only if the applicant has an ability to adequately represent that interest, given appropriate financial assistance.[4]

The "economic" test (§ 2.151(a)(2)(ii)) is stated in the alternative and is intended to permit compensation—both of applicants who cannot afford the costs of participation, and of applicants who represent interests which would contribute to the fairness and balance of the proceeding but who lack the economic stake in the outcome of the proceeding to justify the substantial costs of participating in it. In assessing the *interest* (i.e., the economic stake in the outcome of the proceeding) of an applicant which is a group or organization, the size of the economic stake of the organization's members, taken individually, is to be considered. When assessing the *resources* of an applicant, consideration is to be given to the resources which are available for purposes af advocacy. The consumer interest often can best be represented by organizations which, although not "indigent" in any technical sense, have very limited funds available for advocacy activities. Such organizations, including Consumers Union, differ from industry organizations in this respect and also in that the interests of their members as consumers are diffused among hundreds of proceedings in a multitude of agencies, while industry groups generally need to monitor only one or two agencies and select the few proceedings that directly affect their own or their members' profits. To disqualify these organizations on the basis of non-indigency may in effect remove those advocates who are best equipped to present the consumer point of view at particular proceedings.

KINDS OF PROCEEDINGS

Petitioners have requested that reimbursement be authorized for all proceedings defined in Subpart B (formal evidentiary public hearings), Subpart C (public hearing before a public board of inquiry), Subpart D (public hearing before a public advisory committee), and Supart E (public hearing before the Commissioner) of the Administrative Practices and Procedures. It is petitioner's intention that reimbursement of costs be authorized for all types of hearings for which public notice is required and an opportunity for public participation is available.

REIMBURSABLE COSTS

The proposed regulation limits reimbursement to reasonable attorneys fees, expert witness fees, and other reasonable costs of participation incurred by eligible participants. (§ 2.151(a)(1)) These costs are intended to include the costs of preparing oral or written testimony, surveys and other submissions, fees for consultants, travel and administrative cost, and miscellaneous expenses. It is intended that costs incurred in preparing an application for funds would be reimbursable under the proposed regulation, in cases where funds for participation are ultimately awarded.

As a rule, applicants are to be notified before the proceeding in question begins as to whether or not they will be compensated for their costs of participation, although payment is to be made within 90 days after final disposition of the matter involved in the proceeding. However, interim advance payments are to be authorized where the participant has demonstrated that his participation will be impaired unless this manner of payment is adopted.

Petitioners further intend that a participant who has not applied for funds initially but finds during or after the proceeding that unanticipated and burdensome expenses have been incurred, may apply for compensation. At this point, of course, the Commissioner could judge the *actual* contribution of the applicant to the fair balance of the proceeding. Similarly, the proposal would permit persons to apply after commencement of a prceeding for funding to participate at one of the later stages of the proceeding.

[4] This test is a modification of the "interest" test adopted by the Federal Trade Commission, 40 Fed. Reg. 33968 (August 13, 1975). The FTC test provides (1) that the interest represented must "be necessary for" a fair determination of the proceeding (the "necessity test") and (2) that such interest would not otherwise be represented in the proceeding (the "uniqueness test"). Although Consumers Union has been awarded compensation from the FTC under this test, it has been the experience of Consumers Union and other non-industry groups that this formulation is extremely burdensome to applicants and very difficult to administer. First, it requires that an applicant have knowledge of any other advocate who may be considering participation in a particular proceeding, and the probable content of that person's presentation. As a practical matter, "public interest" applicants are not likely to have such knowledge, as they have no formal network or body to serve the coordinating function performed by industry trade associations. Furthermore, there may be instances where FDA wants to encourage participation by an outside advocate, although some information that the outsider proposes to present may already be available to FDA staff.

PLAYING POLITICS WITH HEALTH

Mr. CURTIS. Mr. President, when medicare and medicaid were adopted, solemn promises were made that the practice of medicine would not be regulated. The people were promised that nothing would be allowed to interfere with the private practice of medicine and the doctor-patient relationship.

Those promises should be redeemed. Today these programs are not limited to assisting citizens financially with their health problems. We have Government managed and run medical care. It is no wonder that we are running into all sorts of problems. On April 15, 1976, the Chicago Tribune published an editorial entitled "Playing Politics With Health," which merits our attention, as well as a response to such editorial published in the same paper on April 24, 1976, by Frank K. Woolley, executive director of the Association of American Physicians and Surgeons, Inc. Mr. President, I ask unanimous consent that both of these articles be printed in the RECORD.

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

[From The Chicago Tribune, April 15, 1976]

PLAYING POLITICS WITH HEALTH

The City of Chicago has won its hotly contested bid to become the local Health Systems Agency [HSA]—opening the way for the Daley administration to control the powerful, new organization that will eventually direct the spending of up to $1 billion a year in public and private health care money here. It's like putting the fox in charge of the hen house.

Chicago's HSA is going to be a tempting hen house, indeed, and the Daley administration has made no secret of its intentions to play politics with the vast amount of money and clout involved. Chicago's HSA will approve or disapprove all federal grants, loans, and contracts for health care in the city. No one can spend $100,000 or more—even private funds—for a hospital, clinic, or private medical facility without the approval of the HSA. Previous federal aid, like the Hill-Burton hospital building program, will funnel through HSA. And should Congress ever pass any form of national health insurance, that money, too is expected to go through HSA.

The network of 202 local HSAs being set up by the Department of Health, Education, and Welfare, under a 1975 law is supposed to see that the enormous sums spent on health care are used wisely. HSAs are mandated to prevent costly duplication of medical facilities, to coordinate regional health planning, to prevent waste, and to give consumers some voice in health care.

But all that money and power are irresistibly tempting to politicians, including the Daley administration, which has been busy seeing that the HSA hen house here is built to its specifications. First, Daley's forces persuaded HEW to designate the City of Chicago itself as a separate HSA area, rather than being combined with the rest of Cook County, or more sensibly, with the whole metropolitan region. Suburban Cook County has now been combined with DuPage County in another HSA. Lake, McHenry, and Kane Counties have an HSA. So will Will, Grundy, Kankakee, and Kendall counties. This makes regional planning difficult.

Next, the Daley administration used expensive consultants to draft its complex HSA application. According to HEW officials here, the Daley plan comes closer, point by point, to meeting HEW requirements than a competing proposal submitted jointly by two nonprofit, private groups, Comprehensive Health Planning, Inc., and the Chicago Community Health Planning Coalition.

The Daley administration's bid leaves no doubt that it sees Chicago's HSA as a political opportunity. Federal law calls for each HSA to be governed by a board made up of "consumers" and "providers." Chicago's application includes a proposed slate of 30 board members, heavy with well-known Daley loyalists in both categories. For example, one "consumer" is Ald. Adeline J. Keane [31st]; her husband, former Ald. Thomas Keane, was considered Mayor Daley's second in command until his conviction for mail fraud.

HEW did put six conditions on its approval of Chicago's HSA bid, some of them concerned with the eligibility of its "consumers" and "providers." But its doubts were not serious enough to cause it to turn down the application or withhold approval until a revised plan was made. HEW did reject the single application for the Will-Grundy-Kankakee-Kendall HSA and two bids for the suburban Cook-Du Page HSA.

The whole HSA concept would command more confidence here than it does had HEW been less eager to approve the Daley bid immediately, despite its reservations. HEW emphasizes that by law approval of an HSA remains conditional for a year and that it will monitor the Chicago situation carefully. But HEW could have insisted on changes before approval; better, it should have turned down the city's obviously political proposal and called for a revision of the competing application, if necessary.

As it is, legal challenges now being mounted against the HSA program here and elsewhere have considerable merit. George Dunne, Cook County Board president, is seeking legal action to sever DuPage from suburban Cook County as an HSA. Comprehensive Health Planning, Inc., is suing to have suburban Cook County reunited to Chicago as a single HSA. The American Medical Association is expected to join a North Carolina case attacking the whole HSA plan. And legislation to repeal the whole program has been introduced in Congress.

Recent Medicare and Medicaid cheating scandals have done nothing to assure the public that the federal government can run health care programs efficiently and well. Already HEW is showing that it can't stand up to political pressure in the HSA program. Before we get mired any deeper in a vast political boondoggle in the name of health care, we should take a long, hard look at what's happening in Chicago.

[From the Chicago Tribune, April 24, 1976]

MEDICINE, POLITICS DON'T MIX

(By Frank K. Woolley)

It is encouraging to note from the April 15 editorial, "Playing politics with health," that The Tribune recognizes that medicine and politics don't mix. The health planning act which created the Health Systems Agency [HSA] that set Mayor Daley and his political henchmen drooling after the money and power involved is one more proof that political medicine is bad medicine.

Granting politicians the power to control development of health facilities gives them the power to deny necessary services to the people and to award contracts on the basis of political cronyism. It's an open invitation to corruption.

The health planning act was devised to establish a governmental monopoly over the development and expansion of hospitals and other medical facilities throughout the United States. Government monopoly is by far the worst kind, because it deprives private citizens of liberty to provide for their own needs as they judge best and substitutes the use of coercive, police-state dictatorial authority to enforce its programs and to obliterate competition.

The Tribune is quite right in observing that the federal government has done nothing so far to assure the public that it can run health care programs efficiently and well. Health systems agencies, manipulated as they will be for political purposes, will destroy freedom of competition, the foundation of our economic system.

As a newspaper invested with an obligation to clarify public issues, The Tribune should early recognize and point out that planning, in the lexicon of government bureaucrats, is synonymous with control. Planning that is not oriented toward authoritarian controls over private affairs is unthinkable to the bureaucrat. The health planning act should be repealed before it results in another oppressive, entrenched federal monopoly.

The Tribune has done a service in pointing out how bad this program will be. It can do a greater service by pointing out how disastrous national health insurance would be.

TAX SHELTERS: WHERE WILL THEY END?

Mr. KENNEDY. Mr. President, tax shelter activities constituted one of the major areas of tax abuse dealt with by the House-passed tax reform bill, H.R. 10612, now pending in the Senate Finance Committee. The principal technique to bring these flagrant tax avoidance schemes under control is the limitation on artificial losses—LAL—provision in the House bill.

Basically, LAL would provide that a high-bracket individual could not use accelerated deductions from one activity—for example, oil—to reduce income taxes on income from entirely different activity—for example, his corporate salary or his medical or legal fees. Accelerated deductions from the tax shelter investment could only be used to reduce income from that investment. I believe that, with the improvements I have suggested to the Finance Committee, LAL is an appropriate and effective response to the tax shelter abuse.

But, Congress must recognize that the ingenuity of tax shelter entrepreneurs is limitless. LAL in the House-passed bill would apply to six major types of tax shelter operations—real estate, oil and gas, equipment leasing, motion pictures, sports franchises, and farm operations. But there are new tax shelters being created every day.

The Wall Street Journal recently carried items concerning two more tax shelter operations—one in antiques and classic cars and the other in book publishing. We can be sure that if LAL is passed, tax shelter syndicates will quickly dream up still more new tax shelter deals outside the six areas specified in the House bill. Congress cannot be placed in a position where we have to enact a new LAL rule every time a new tax shelter is uncovered.

It is therefore essential that when Congress enacts LAL, it should provide authority for the Treasury to issue regulations to apply appropriate LAL rules to tax shelter transactions other than the six now specified in the House bill. Congress employed a similar technique in 1969 in passing rules governing stock dividends, when it empowered the Treasury to issue regulations covering other tax avoidance techniques in the stock dividend area as they were discovered.

Congress must bring an end to tax shelter-tax avoidance devices. To accomplish that objective, we must be sure that tax shelter manipulations are put on notice that the antitax shelter rules will be applied promptly to any new device concocted by these merchants of tax avoidance schemes.

Mr. President, I ask unanimous consent that two items from the Wall Street Journal of April 13, 1976, may be printed in the RECORD.

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

[From the Wall Street Journal, Apr. 13, 1976]

UNIQUE OPPORTUNITY FOR TAX SHELTER PERSON

Unique opportunity for polished tax shelter pro to get in on the ground floor in the lucrative Antique and Classic Cars tax shelter and invest. credit area: High commission and possible equity participation. Send resume to Box O-431, Wall Street Journal.

[From the Wall Street Journal, April 13, 1976]

STEIN & DAY, PUBLISHER, SEEKS FINANCING THROUGH TAX-BREAK PLAN USED BY MOVIES

(By Stephen Grover)

NEW YORK.—While Congress investigates alleged abuses in the use of tax-shelter money to finance movie production, book publishers are beginning to seek such funds to help finance their own operations.

One of the first to do so is Stein & Day Inc., a Briarcliff Manor, N.Y., concern that publishes 80 to 90 books of general interest a year. Sol Stein, president, said he will invite private investors to put their money into a limited partnership that will help his company finance both its spring and fall lists next year.

As do most of the movie companies that have turned to outside funds to help finance their production lineups, Mr. Stein dislikes the use of the expression "tax shelter." "It's really a tax deferral," he says. Unlike some movie financing—of the kind that has come to the attention of Congress—the funds wouldn't be invested for tax purposes in projects that don't stand a chance of making money. "The fact is," Mr. Stein says, "that over the years over 80% of all our books make money. So the plan has economic viability and would stand up under government scrutiny."

The general belief among other publishing houses, especially those that aren't subsidiaries of major corporations, is that if Mr. Stein's plan is successful there may in the years ahead be widespread use of outside funds in the publication of books rather than of internal funds.

MECHANICS OF PLAN

In general, here's how the limited partnership would work. The partnership would set up an editorial and production service company that would have the task of acquiring manuscripts, editing them and designating the packets or, as Mr. Stein notes, "doing everything up to the point where the book is ready to go to the printer." The editorial and production company—the partnership—would have an exclusive contract with Stein & Day under which the latter, says Mr. Stein, "takes the manuscript, produces the book and sells subsidiary rights—such as book club, paperback and movie rights—to third parties." He adds: "The subsidiary rights are the most profitable part of the project." The company would distribute the books in hardcover (and softcover where those rights weren't sold).

Investors would supply a part of the funds needed for the activities of the partnership while the remainder would be borrowed from a bank or banks as a nonrecourse loan guaranteed by Stein & Day. A nonrecourse loan is one in which the borrower doesn't assume any liability.

Just as in the financing of movies by this means, investors would be able to deduct a pro-rata share of the nonrecourse loan, along with their own investment, from current income. Taxes then would be paid on future receipts.

Mr. Stein says the investment units in the partnership "would probably be about $50,000, and the actual amount of the loan—which would be equivalent to about 150% of the money invested by the partners—would probably be about $900,000." An investor who put up $50,000 would actually get a deduction of slightly more than $100,000 in the year of investment. But once the book began to produce revenue, the investor would be liable to taxes on the returns.

ENTIRE LINEUP OF BOOKS

Mr. Stein said the financing so arranged would be applied to the company's entire lineup of books next year "so that the risk involved is spread across the line." Mr. Stein also said it was his experience as an investor in movies last year that prompted him to see if this kind of financing could be successfully applied to publishing.

The alleged abuses prompting Congress to investigate tax-shelter financing (in other industries as well as motion pictures) usually involve—in the case of movies, at least—the acquisition by private interests of U.S. rights to foreign movies that stand next-to-no-chance of success at the box office in this country. Investors in such movies generally act in the knowledge that their money won't be returned; they make the investment solely for tax advantages.

The problem, though, is that in an industry where the risks are unusually high, most of the major motion picture companies have

also employed the use of tax-shelter money—or "venture capital," as they prefer to call it—to finance their production lineups. These studios include Columbia Pictures Industries Inc., Warner Communications Inc., Paramount Pictures (a subsidiary of Gulf & Western Inc.), Allied Artists Industries Inc. and United Artists Corp. (a subsidiary of Transamerica Corp.).

The film companies are upset because they are afraid that the abuses of those who have invested in motion pictures solely for tax considerations may lead Congress to go as far as banning the use of all tax-shelter money in movie production. If it does, they maintain, it could lead the U.S. studios to transfer the production of many movies abroad where tax-shelter financing is permitted.

What the movie companies would like to see is a tightening of securities laws so that only serious investors—those with an honest hope of making money on their investment—would be interested in motion picture production. Burton Marcus, vice president and general counsel of Columbia Pictures, notes that "our investors have got back more money than they invested. We consider such financing a viable investment, not a tax shelter. And that's the orientation of the responsible companies."

As a means of minimizing the risks to investors, Columbia—and other U.S. motion picture producers—have also extended the risks involved from one picture to several. If one of them fails, the others could more than offset the loss.

ALTERNATIVE ENERGY RESOURCES

Mr. BAYH. Mr. President, one of the most important and seriously neglected areas of our national energy policy is the development of alternative energy resources. In spite of constant talk about the need to break away from unreliable sources of energy, the Ford administration has been content to allow major oil companies to charge OPEC level prices for domestic fuel, and has consistently opposed price controls for oil and gas.

The single energy source that the past two Republican administrations has supported as a viable alternative to the use of fossil fuels is nuclear power. However, there are still many unanswered questions of health, safety, and environmental problems associated with the operation of nuclear powerplants.

Obviously we need to seek maximum production of fossil fuels consistent with economic and environmental considerations. But it is equally obvious that we must step up effective research on new energy sources, particularly solar, geothermal, and fusion power.

For this reason I am pleased to join the list of cosponsors of the Solar Energy Act of 1976, introduced by the Senator from Minnesota (Mr. HUMPHREY).

This excellent bill authorizes demonstration projects for the use of solar power and will fund both residential and commercial heating and cooling demonstration programs.

The act also provides for a sharp rise in funding for the technical development of different types of solar energy production facilities. Solar energy research funding is now being severely shortchanged by the Ford administration. The administration's budget for fiscal 1977 submitted to Congress in January allocates only 2.2 percent of the entire Energy Research and Development Administration's budget to solar energy research. This approach to energy R. & D. reflects precisely the priorities of the major energy companies, 16 of which own uranium deposits in the United States. The nuclear portion of the ERDA budget, not counting weapons research, is more than 15 times the solar energy budget.

Opposition to the lack of funding for solar energy has emerged from within the ranks of the administration itself. According to a recently published article in the Wall Street Journal, one of the reasons that John M. Teem, former assistant administrator for solar, geothermal, and advanced energy systems at ERDA, resigned his post early this year, was his significant differences with the White House on the extent and speed with which the Government should develop solar energy. Mr. Teem said that he favored accelerating ERDA programs to bring solar energy to the marketplace as quickly as possible. He was unsuccessful in his efforts however, and consistently faced opposition by the administration to increasing the ERDA solar energy budget. Mr. Teem said he favored a wider role for, and faster organization of, a planned solar energy research institute within ERDA than was acceptable to the White House. I ask unanimous consent to insert the Wall Street Journal article by Les Gapay in the CONGRESSIONAL RECORD following my remarks.

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

(See exhibit 1.)

Mr. BAYH. Given the potential value of solar power as an alternative energy source, it is vitally important that we in Congress work to substantially increase the ERDA appropriation for its development. Conservative estimates indicate that the United States could use solar energy for the equivalent of 500,000 barrels of oil in 1980, and 5.5 million barrels by the year 2000, if quick action is taken on solar power research and development.

Mr. President, the Solar Energy Act of 1976 is an important first step towards the development of solar power technologies. Of the 500 to 1,000 bills relating to energy matters that are pending in the committees and subcommittees of the House and Senate, this is certainly one of the most important. I hope that we can add this legislation to the list of accomplishments of the 94th Congress.

EXHIBIT 1

[From the Wall Street Journal, Feb. 26, 1976]

SOLAR-ENERGY PLANNING IS BEING SLIGHTED BY FORD, FORMER CHIEF OF PROGRAM SAYS

(By Les Gapay)

WASHINGTON.—The Ford administration isn't giving solar-energy development the priority it deserves, charged the recently resigned head of the government's solar program.

The official, John M. Teem, former assistant administrator for solar, geothermal and advanced energy systems at the Energy Research and Development Administration, said in an interview that he had significant differences with the White House on the extent and speed with which the government should develop solar energy.

Mr. Teem said that President Ford's budget request to Congress last month for solar programs was far less than the ERDA wanted, and that he also disagreed with the scope and pace assigned by the White House to some of the agency's key solar programs.

"PERSONAL REASONS"

The White House on Jan. 30 routinely announced Mr. Teem's resignation for "personal reasons," and the disagreements on solar policy weren't disclosed.

Mr. Teem said in the interview his resignation wasn't directly because of the disagreements, and that he had several reasons. He added, however, that he differed with officials in the White House and the Office of Management and Budget. "My sense of job satisfaction decreased in view of the detailed management viewpoints being brought into the solar programs by OMB," he said. The management office's heavy involvement in solar energy policy decisions "affected the timing of my resignation," Mr. Teem added.

Mr. Teem said he favored accelerating ERDA programs to demonstrate solar energy in the heating and cooling of buildings; in agricultural areas, such as crop drying, and in various industrial processes.

He also said he was unsuccessful in efforts to increase the ERDA's role in disseminating information on solar technology to industry and the public to speed "bringing solar to the marketplace." Also, Mr. Teem said he favored a wider role for, and faster organization of, a planned solar-energy research institute within ERDA than was acceptable to the White House.

COMMERCIAL STIMULUS

In essence, Mr. Teem said his proposals would have resulted in more government stimulation of the private sector for commercialization of solar energy than the White House and the budget office wanted.

President Ford's budget request for solar research and development programs in ERDA for fiscal 1977, starting Oct. 1, asked for a congressional authorization of $160 million, with projected outlays during the year of $116 million. Mr. Teem said that the ERDA had requested the budget office to ask for $255 million in budget authority and $201.6 million in outlays. In the current fiscal year, the ERDA has a budget authority for solar programs of $115 million and estimated outlays of $86 million. By contrast, the ERDA's requested budget outlays for nuclear programs for fiscal 1977 total $1.7 billion.

Mr. Teem said that solar work in heating and cooling of buildings and in agricultural and industrial processes is scientifically advanced enough so that demonstration programs "could proceed at a more rapid pace" than the budget request outlines. Mr. Teem says that those programs show the most short-term promise for solar-energy use and that "even within a constrained budget" they could have been given more priority.

PROGRAMS CRITICIZED

Congress' Office of Technology Assessment similarly criticized the ERDA's solar programs in a report last October, saying too much emphasis was being put on long-term, space-age type solar research programs at the expense of areas that can become practical sooner.

Mr. Teem said that there is the view at the budget office and the White House that because of advances in solar technology, "the private sector is in a position to undertake more programs now" without government stimulus.

A solar research institute within the ERDA was authorized by a 1974 law to do technical and analytical work to support the agency's solar-energy programs. The National Acad-

emy of Sciences had recommended to the ERDA that the institute be given a wide research role, a staff of about 1,500 and an annual budget of about $50 million. ERDA sources said that a compromise had been reached with the budget office on the size and scope of the institute, which won't be on the scale envisioned by the NAS. The sources said the institute will first only do studies, and that its actual laboratory research role will remain undefined for the first few years of operation.

FREEDOM OF INFORMATION ACT

Mr. KENNEDY. Mr. President, despite the strict time limits and expanded disclosure standards contained in the 1974 Amendments to the Freedom of Information Act, which I drafted, the agencies of the Federal Government have by and large made sincere, dedicated efforts to comply with the law. The effect has been visible on almost a daily basis in news reports, based on information released under the Freedom of Information Act, which discuss various aspects of the operations of our Government. That is what the Freedom of Information Act was intended to do.

Every so often, however, I run across an agency which has yet to understand the letter, much less the spirit, of the Freedom of Information Act. My Subcommittee on Administrative Practice and Procedure receives extensive correspondence from the public and maintains continuing liaison with the agencies on problems that might arise over administration of the act. One correspondent recently brought to my attention a letter he received from the Selective Service System denying his request for their annual freedom of information report. Let me quote the entire text of that letter, signed by Mr. Peter T. Straub, General Counsel of the Selective Service System:

> This will acknowledge receipt of your note dated March 8, 1976, requesting a copy of our report to Congress on the activities of the Selective Service System under the Freedom of Information Act.
>
> The document requested is a statutory agency report required to be submitted to the Congress. As such, it does not constitute, in our opinion, public information as contemplated by the Freedom of Information Act. We do not believe that the release of such report by this agency would be proper. Your request is therefore denied.
>
> You may appeal this denial to the Director of the Selective Service System.
>
> The name and title of the person responsible for this denial is Lieutenant Colonel Robert J. Murphy, Jr., Assistant General Counsel, Selective Service System, acting for Mr. Peter T. Straub, General Counsel.

Mr. President, seldom do we run across so blatant a disregard of the law by an executive branch official. It is precisely for instances such as this that the 1974 amendments contained procedures for the initiation of Civil Service sanctions against agency officials denying information arbitrarily and capriciously. So far this sanction has not been imposed; if the Selective Service System does not change its position in this case, and the requester has to sue the agency, I expect this sanction provision will receive its first test.

Why have I reached this conclusion? Let me take Mr. Straub's points in order. First, he says that since the document requested is a "statutory agency report," it does not constitute public information. Is it not an agency record? The Attorney General acknowledged, in his memorandum on the act, that the term "records" be defined in accordance with section 1, 57 Stat. 380, 44 U.S.C. (1964 Ed.) 366 as follows:

> The word "records" includes all books, papers, maps, photographs, or other documentary materials, regardless of physical form or characteristics, made or received by any agency of the United States Government in pursuance of Federal law or in connection with the transaction of public business and preserved or appropriate for preservation by that agency or its legitimate successor as evidence of the organization, functions, policies, decisions, procedures, operations, or other activities of the Government or because of the informational value of data contained therein.

How a document can be transformed into "noninformation" by some magic of nomenclature is beyond my comprehension.

Second, Mr. Straub concludes that "we do not believe that the release of such report by the agency would be proper." I have reexamined the nine exemptions from mandatory disclosure under the Freedom of Information Act—exemptions which are exclusive, and beyond which courts have found even they have no equitable power to allow withholding of information by an agency. And nowhere do I find an exemption for records, the release of which the Agency does not consider "proper." Such a standard suggests to me, Mr. President, that the Assistant General Counsel who takes responsibility for the denial has never taken the time to read the Freedom of Information Act.

Finally, section 552(6)(A)(i) explicitly requires that—

> Each agency, upon any request for records made under paragraph (1), (2), or (3) of this subsection, shall—determine within ten days (excepting Saturdays, Sundays, and legal holidays) after the receipt of any such request whether to comply with such request and shall immediately notify the person making such request and of such determination and the reasons therefor.

If this response by the Selective Service System conforms to that requirement to provide "reasons" for withholding the material, then we might as well tear up the law and go back to 1965, when agencies were completely unaccountable and could withhold anything they pleased from public view. I commend this example to all the agencies of the government as illustrative of what not to do in implementing the Freedom of Information Act.

HOUSING AMENDMENTS OF 1976

Mr. GARN. Mr. President, Senator TOWER has requested that Secretary Hills give her views on S. 3295, the Housing Amendments of 1976. Secretary Hills has responded with a detailed analysis of her objections to this legislation. Senator TOWER could not be here at this time, but he has requested that I submit a copy of Secretary Hills' letter for the RECORD.

As can be seen, HUD has very strong objections to this legislation, not on one but on several grounds. If the bill goes to the President in its present form, the Secretary will recommend to the President that he veto it.

I ask unanimous consent that a copy of Secretary Hills' letter be printed in the RECORD.

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

THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT,
Washington, D.C., April 24, 1975.

Hon. JOHN G. TOWER,
U.S. Senate,
Washington, D.C.

DEAR SENATOR TOWER: In response to your request, I have reviewed S. 3295, the proposed "Housing Amendments of 1976" as reported earlier this month by the Committee on Banking, Housing and Urban Affairs. In my judgment, the bill is unacceptable in its present form.

Our mutual purpose should be to provide decent, safe and sanitary housing for our low-income citizens. We should provide this through sensible, flexible and consistent programs. This bill, with its set-asides and mandates, would severely disrupt program delivery, would not expeditiously produce adequate shelter for its intended beneficiaries, and would undermine the local flexibility which was the keystone of the 1974 Housing and Community Development Act.

SUBSIDIZED HOUSING

The Senate bill would alter dramatically the mix of Federal housing programs in a way which is likely to impact negatively both on the dollar effectiveness of those programs and on the timely delivery of housing assistance to low and moderate income families.

The bill would reactivate the conventional low rent public housing program at the highest level of activity in its 40 year history, only two years after Congress itself determined to replace that program with a new rental assistance mechanism. The disadvantages of conventional low rent public housing, which led to its abandonment as a major Federal housing program, have been catalogued so often as scarcely to need repetition. A nineteen-fold increase in operating subsidies, the concentration of social problems, the exclusion of private sector involvement or private market discipline from the program's operation, and its horizontal inequities have all been well documented.

The proposed resurrection of public housing takes place largely at the expense of the Section 8 program, which was drafted to avoid the failings of public housing and is just beginning to demonstrate its true potential. Section 8 can deliver housing to needy families far more quickly than conventional low-rent public housing. For example, from reservation of funds to completion, conventional low-rent public housing takes up to 46 months versus 24 months for Section 8 New. Lower income families most in need of immediate housing assistance will be adversely affected by the bill's precipitous reversal of the Section 8 program.

Moreover, the bill's set-aside within the housing program destroys the 1974 Act's flexibility to adapt Federal housing assistance to the particular conditions and needs of individual communities. The Section 8 program requires communities to assess their housing needs in their Housing Assistance Plans. Narrow mandates for new construction eliminate this local discretion.

Also, the bill's heavy emphasis on newly constructed housing greatly increases the cost of housing our lower income citizens. First, public housing construction is more staff intensive than Section 8. Second, the

bill's five separate set-aside would create an administrative nightmare. The administrative controls necessary to assure compliance, ranging from funds assignments to program reports, would constitute a morass of paper shuffling, which will slow down production and delay program delivery. Third, budget authority would be increased by more than $3.8 billion dollars. Each unit of mandated new public housing construction displaces two units of Section 8 existing housing that could be provided to lower income families, even where use of existing housing best meets local needs. The additional Federal borrowing required by this mandate will bring with it the usual inhibiting effects on private housing production.

MODERNIZATION FUNDS

While HUD has requested an authorization to continue the modernization program, the bill provides a $60 million setaside which triples that request. That $60 million set-aside—which translates into an $840 million increase in the budget authority—is more than LHAs can absorb. A program of that magnitude would be unmanageable both by HUD and LHAs. The result of this excess will be the funding of marginal projects or the inadequate implementation of projects which do address legitimate needs.

Our experience with the modernization program demonstrates the limited capacity of its participants to absorb these funds. From 1968 through 1975, HUD provided $1.5 billion in assistance to local housing authorities for capital expenditures. As of June 30, 1974, less than $870 million had actually been advanced to housing authorities which, in turn, have disbursed only $675.5 million.

The more realistic $20 million level proposed in the Administration's budget proposal will fund $215 million in LHA capital costs.

SECTION 235

The authorization of $200 million for Section 235, which would require budget authority of $6 billion, is unnecessary at this time. The Department has just recently implemented the revised Section 235 program and plans on an annual reservation level of 100,000 units, for which the Department already has sufficient funds. With the proposed additional authorization, the Department would be expected to reserve 325,000 units in 1977. This would represent an unprecedented level of activity. Moreover, such production levels would require over 1,200 additional staff years for processing alone. This does not include workload related to inspection during construction or management and servicing once the units are completed.

Aside from staff needed for the Section 235 program, the imposition of such a volume of work could undermine quality processing. I genuinely fear that the result would be the dreadful situation we have had in recent years, the consequences of excessive production levels and hasty, poorly conducted processing.

The program we have planned for 1977—100,000 units—is a reasonable level, which can be accomplished without a sacrifice of quality. We are optimistic that we can meet this production target while avoiding the pitfalls of the original program.

EXTENSION AND EXPANSION OF 518(B)

Section 9 of the bill would make 518(b) a permanent part of the National Housing Act with expanded programmatic parameters. The original 518(b) was enacted to deal with problems associated with lapses in FHA processing affecting lower income home purchasers; the extension in the 1974 Act maintained this basic focus. Section 9 would now expand this program to a general, permanent feature of the FHA operation, without regard to whether there has been a showing of comparable need or whether the 518(b) approach is an appropriate way of dealing with the need.

It could make the taxpayer liable for a claim made by the purchase of any home more than 1 year old covered by FHA mortgage insurance, based on failure of the appraiser to detect any structural or other major defect affecting use or livability. The claims may be retroactive to January 1973.

The problems with this provision extend beyond its cost and staffing implications, which are difficult to estimate with any reasonable precision. The continuation and expansion of 518(b) in the form in which it appears in the bill will add a new element to FHA insurance which will add to costs and complicate processing without providing to homeowners the benefits of true insurance. In the long run this can only weaken further the role of the basic FHA insurance program in relation to other forms of home financing. In this respect, I think it is particularly inappropriate for the Congress—with no showing of emergency need—to enact such a major change in the FHA basic program in advance of the Congressional review of the role and future of FHA which I hope will take place next year.

SECTION 202—HOUSING FOR THE ELDERLY AND HANDICAPPED

The approval of an additional $2.5 billion in direct loan authority as included in section 11 of the bill imposes an unrealistic goal. This level of authority would provide for an additional 100,000 units which, in terms of processing requirements, would necessitate an additional 300 staff years in excess of the level included in the budget for this function. Budget authority and staffing increases of this magnitude place an intolerable burden on limited budgetary resources.

The budget recommends our proceeding with a Section 202 program in the form of a permanent loan program as directed by the Congress last year. The level proposed in the budget—$375 million—is a reasonable one which balances our staff resources with the popularity of the program.

It should also be noted that, although the program has been arbitrarily removed from budget totals, it still impacts on Treasury borrowings and on interest rates in the same fashion as if it were in the budget. This legislative "closing of the eyes" does not change reality.

COMMUNITY DEVELOPMENT

The philosophical basis for Title I of the Housing and Community Development Act of 1974 was that within broad guidelines local governments should set their own community development priorities. As compared with the categorical programs it replaced, the community development block grant program is more flexible, easier for local government to understand and work with, and less staff intensive at the Federal level.

The bill would represent a substantial reversion to the categorical approach. Section 12 would reestablish the Section 312 rehabilitation loan program at a funding level of $150 million, despite the fact that in 1975, block grant communities targeted 9% or more than $230 million, of the block grant funds for rehabilitation activities. This is more than triple the reservation level we have experienced under the 312 program. The funds under the 312 program will be spent in accordance with a Federal rather than a local priority and will divert the Department's community development staff from the block grant program.

The expansion of the Section 701 comprehensive planning program by Section 13 of the bill raises similar problems. The Department has proposed that $25 million be available under this program for units of local government which do not receive funds under the block grant program. But expanding the program to $100 million and thereby enlarging the class of eligible communities is once again to assert Federal over local priorities and to separate the funding and administration of planning from the community development activity which ought to be the end product of the planning process.

To perpetuate categorical programs when the purposes they were designed to serve are better achieved under the block grant program is particularly inappropriate in light of the fact that funding under the block grant program will be $446 million more in FY 1977 than it was in FY 1976.

Finally, depending upon unit mix and contractual terms, implementation of the bill would require an increase in budget authority of between $12.9 billion and $17.7 billion. Such an increase would be wasteful and fiscally irresponsible. For the reasons outlined in this letter, among others, it will not provide local government or low income persons with the benefits intended by the 1974 Act.

Accordingly, I would recommend that the President veto S.3295 if enacted in its present form. The Office of Management and Budget has advised that it would concur in this recommendation.

Sincerely,

CARLA A. HILLS.

"ALCOHOL: WHAT'S IN IT FOR ME?"

Mr. BAYH. Mr. President, as chairman of the Subcommittee to Investigate Juvenile Delinquency, I have become increasingly distressed over the alarming escalation of alcoholism among our young people. Alcoholism has been called this country's largest untreated, treatable illness. Alcohol, of course, is a drug with a high potential for addiction and it affects old and young alike. Recent studies, in fact, show that 1 teenager out of every 20 has a drinking problem. The National Council on Alcoholism reports that in 1972 the age of the youngest alcoholic who came to their attention dropped from 14 to 12. It is vitally important that our young people are educated and informed of the consequences of the use of alcohol.

Maurice and Blanche Frink of Elkhart, Ind., have produced a film entitled, "Alcohol: What's In It For Me?" which I wish to bring to the attention of my colleagues. Without preaching or philosophizing, this innovative and important educational film is designed especially for youngsters 11 to 14 years old. By considering the nonharmful effects of controlled use, the film allows the viewer to draw his or her own conclusions. It warns of the dangers, admits the beneficial possibilities, and suggests social and individual approaches to the U.S. problem of young alcoholics.

The Elkhart Community School system provided valuable cooperation, facilities, and students for Maurice and Blanche Frink's production along with other concerned Elkhart citizens, churches, and government agencies. Dr. Frank A. Seixas, Medical Director of the National Council on Alcoholism; Dr. Patricia O'Gorman, NCA Director, Department of Prevention and Education; and Edward G. Albright, teacher and coach, Brookdale Junior High School, Elkhart, Ind., served as script consultants and advisors. The film will be distributed by Perennial Education, Inc. of Northfield, Ill.

Alcohol abuse and alcoholism annually sap $25 billion from the economy in lost worktime, for health and welfare services, for medical expenses, property damage, and other costs. Alcohol is a major factor in more than half the highway deaths each year, accounting for 28,000 fatalities, with even a higher ratio among young people. Alcoholism cuts 10 to 12 years from the drinker's expected life span. Alcohol abuse and alcoholism account for more than one-third of all arrests. Alcohol abuse is often a major factor in crimes of violence. These are grim and sobering statistics, but most depressive and grim is the fact that each alcoholic directly affects four other persons adversely. Even if we accept the conservative estimate that 10 million Americans suffer directly from the disease of alcoholism, we are then confronted with an additional 40 million family members, coworkers, and costudents also affected by the serious alcohol problem in this country. Awareness and understanding of the problem of alcohol abuse and alcoholism can help some people, and to that end, "Alcohol: What's In It For Me?" is dedicated.

RESOLUTION OF THE POCKET VETO CONTROVERSY

Mr. KENNEDY. Mr. President, on April 13, 1976, the Department of Justice announced that it would no longer oppose the lawsuit I had brought to settle the scope of the President's pocket veto power under article I, section 7, clause 2 of the Constitution.

Henceforth, according to the decision made by President Ford, a pocket veto will be used only during the sine die adjournment of Congress at the end of its second session. During all other adjournments—including intrasession adjournments, such as the recent Easter recess and the summer adjournment, and the intersession adjournment between the first and second sessions of a Congress—the President will use a normal or return veto, not a pocket veto. That is, the President will return the bill to Congress, so that Congress will have the opportunity to override the veto.

According to the Department of Justice annnouncement, the only requirement for the use of normal vetoes during an adjournment is that the Senate or House must designate officers to receive a vetoed bill during the adjournment. In recent years, the Senate and House have routinely made such designations during adjournments and the practice will certainly continue.

President Ford's recent action is a generous and complete vindication of the rights of Congress and its role in the enactment of Federal legislation, and I welcome the President's decision.

The current controversy began in 1970, when President Nixon used a pocket veto to nullify the Family Practice of Medicine Act during the 5-day Christmas recess of Congress that year. In August 1974, in a lawsuit I initiated, the U.S. Court of Appeals for the District of Columbia Circuit ruled that this pocket veto was unconstitutional. See *Kennedy v. Sampson*, 511 F.2d 430 (1974).

President Ford's recent action involves a second law suit I had brought, which was pending before Judge John J. Sirica in the U.S. District Court for the District of Columbia. That suit concerned a pocket veto by President Nixon during the intersession adjournment of Congress in January 1974, and a pocket veto by President Ford during the 31-day intrasession adjournment for the congressional elections in November 1974. The Department of Justice has filed a statement with the court consenting to the entry of a judgment in my favor in this litigation, and Judge Sirica has now ordered the judgment to be entered.

Over the years, many Senators and Congressmen have supported the effort to limit the use of the pocket veto. In particular, Senator Sam J. Ervin, Jr. of North Carolina was especially active in defending the role of Congress in this area, and I am pleased to pay tribute at this time to his strong leadership in protecting this important aspect of the legislative prerogatives of Congress under the Constitution. I also commend the Senate and House leadership for their strong support during the litigation and for the effective steps taken to insure that the pocket vetoes in question could be successfully challenged in the courts.

I think I speak for many members of both the House and Senate in saying how pleased I am that this decades-old controversy between Presidents and Congresses over the scope of the pocket veto power is now finally ended.

Mr. President, I ask unanimous consent that the Department of Justice announcement of April 13, 1976, the Department's statement filed the same day in the District Court, and the order of Judge Sirica of April 21, 1976 may be printed in the RECORD.

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

DEPARTMENT OF JUSTICE—APRIL 13, 1976

The Department of Justice announced today that it will no longer oppose a suit questioning the scope of Presidential authority to use the pocket veto.

Attorney General Edward H. Levi said the action was based on a Presidential decision concerning the use of the pocket veto.

Vetoes are provided for in Article 1, Section 7 of the Constitution.

That section requires the President to act on a bill within 10 days, Sundays excepted. He may sign it into law. Or he may return it with his objections to whichever chamber it originated in, which constitutes the usual, or "return," veto. If Congress remains in session and the President does not act within 10 days, the bill becomes law.

A "pocket" veto occurs when the President fails to sign a bill within that period and the Congress, by its adjournment during that period, prevents its return. It takes its name from early references to a President putting unwanted legislation in his pocket.

The present suit was filed January 29, 1974, by Senator Edward M. Kennedy (D. Mass.), raising the question whether two bills passed by Congress but not signed by the President had become law.

One of the bills amended the Urban Mass Transportation Act of 1964 to permit buses purchased under that Act to be used to provide charter bus services. The time for Presidential approval of that bill expired during an intra-session adjournment of Congress.

The other bill amended the Vocational Rehabilitation Act by extending the authorization of appropriations for certain programs for the handicapped for one year, making certain changes in federal programs for blind persons, and providing for the convening of a White House Conference on Handicapped Individuals. The time for Presidential approval of that bill expired during an intersession adjournment of Congress.

The substantive provisions of these bills have been superseded by subsequent enactments.

The Attorney General said, in announcing the Department's position, that:

"President Ford has determined that he will use the return veto rather than the pocket veto during intra-session and intersession recesses and adjournments of the Congress, provided that the House of Congress to which the bill and the President's objections must be returned according to the Constitution has specifically authorized an officer or other agent to receive return vetoes during such periods."

[U.S. District Court for the District of Columbia, Civil Action No. 74–194]

STATEMENT

Edward M. Kennedy, Plaintiff, versus Thomas M. Jones and Jack M. Eckerd, Defendants.

Defendants hereby consent to the entry of a judgment as prayed for in the supplemental complaint and in plaintiff's motion for summary judgment.

Respectfully submitted,

REX E. LEE,
Assistant Attorney General,
EARL J. SILBERT,
U.S. Attorney,
STUART E. SCHIFFER,
Attorney, Department of Justice Attorneys for Defendants.

[U.S. District Court for the District of Columbia, Civil Action No. 74–194]

ORDER

Edward M. Kennedy, Plaintiff, versus Thomas M. Jones and Jack M. Eckerd, Defendants.

The Court having considered the plaintiff's supplemental complaint and plaintiff's motion for summary judgment, and the entire file in this case; and the defendants having filed a statement of consent to entry of judgment with the Court on April 13, 1976, it appears to the Court that the plaintiff is entitled to entry of judgment.

It is therefore this 21st day of April, 1976,

Ordered that plaintiff's motion for summary judgment be, and the same hereby is, granted; and it is

Further ordered that judgment be entered for the plaintiff in the above entitled matter.

JOHN J. SIRICA,
U.S. District Judge.

THE MIDDLE EAST: 1976

Mr. BAKER. Mr. President, in February of this year, my good friend and colleague Senator ADLAI STEVENSON visited the Middle East as a member of the Senate Committee on Banking, Housing, and Urban Affairs, and as the chairman of the Subcommittee on Finance. During the course of his visit, he met with the heads of state and government officials in Egypt, Saudi Arabia, Syria, Lebanon, Iraq, Iran, and Israel. Senator STEVENSON thoughtfully provided me with a copy of his report of this trip, filed with the chairman of the committee; and I commend this report to the attention of my colleagues.

I suppose it has become a cliche to say

that the Middle East is a mystifying area fraught with danger, complexity, and promise. Less than a year ago, I, too, traveled to the Middle East; and I am initmately familiar with the difficulties involved in reducing the myriad impressions received there in a short span of time to a collection of cogent and meaningfully analytical observations. The Senator from Illinois has done just that, and I believe that his report constitutes an extremely valuable addition to the public fund of knowledge available on the Middle East.

In this brief statement, I could not hope to do justice to the broad range of observations offered by this most thoughtful analysis; however, I would like to quote a small segment of this report which, to me, indicates the depth of Senator STEVENSON'S perception of this troubling and complex area of the world. In his opening remarks, he says, and I quote:

The rhetoric of the Middle East, some of it heard in the U.S., enlarges for all its passionate participants an already large and dangerous conflict. An outsider is struck by the convergence of interests recognized in private and concealed in public. A peaceful resolution of the differences in the Middle East will require the intercession of outside influences uninflamed by imagined, as well as real, differences.

In our continuing consideration of the many issues involved in the Middle East, I believe we would be well advised to keep in mind that quote, as well as the balance of this most valuable report.

Mr. President, I ask unanimous consent that the conclusion of Senator STEVENSON'S report "The Middle East; 1976" be printed in the RECORD.

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

SOME CONCLUSIONS

If there is a single message to be found in the foregoing observations, drawn from a day, or two, or three in each of six Middle Eastern capitals and Tehran, it is that there are no ready answers to any of the policy questions in this politically complex, economically rich, and emotionally charged area of the world. Step-by-step diplomacy has run its course. The impasse has resumed. Each of the parties assumes that time is on its side. Each is probably wrong.

Both sides can lose should there be another round of fighting, and always lurking in the wings is the brutal threat of Great Power confrontation. One of the end-products of step-by-step diplomacy has been to raise the level of American commitment in the area and to limit the options as tension heightens. A continued impasse favors radical elements and increases the opportunity for Soviet exploitation of a mounting crisis. A new constellation of forces, disturbing in its implications, is emerging.

President Sadat, a moderate, has lost his position of leadership in the Arab world. If he and his government are to survive, he will have to show concrete achievement as a result of the Sinai gamble. His ties to the Soviet Union are cut. For some of his needs he is relying upon the United States. If he fails, he will be replaced by more radical leadership. Egypt's return to the Soviet orbit will then become more likely.

Syrian President Hafez Assad has been pushed into the ascendency by the Sinai Accords. His sphere of influence now includes Lebanon.

The influence of King Hussein, another moderate, is correspondingly diminished. He and Assad are currently engaged in cooperative maneuvering the implications of which are not at all clear.

The Palestinians are by general agreement the nub of the problem.

Although badly divided, they have steadily increased in numbers, economic and military strength, and seriousness of purpose. They cannot be left out of any Middle East settlement. Their lack of unity is reflected in the lack of unity within the top ranks of the PLO, but there is no organization other than the PLO with a broadly recognized claim to represent the Palestinians.

The rich Arab states of the Gulf can provide almost limitless financial support to any movement they choose and are now capable of throwing military power onto the scales as well.

Israel, as always, bears heavy burdens, and looks to the United States to assume over $1 billion of a $2 billion budget deficit by writing off repayments for arms deliveries, as well as by maintaining the flow of support through bond subscriptions and other massive private efforts by the Jewish community. An Israeli government with a precarious majority is too weak to prevent certain actions by Israeli citizens which are highly provacative to the Palestinians, such as the establishment of new settlements on the West Bank. The Sinai Accords are unpopular in Israel, and the government is accused of giving up Sinai oil and strategic passes in exchange for Egyptian commitments, such as rights of Suez Canal passage for Israeli cargoes, which can be revoked at any time. Even the modest, indeed almost meaningless, proposal that the United States, on Israel's behalf, sound out in neighboring capitals the possibility of a "termination of the state of war" touched off a heated debate in the Israeli Cabinet.

Time is running out—again. It is widely believed that United States is paralyzed by its election and Israel will be paralyzed by its own elections in 1977. It would be tragic to let this happen. A new order of statesmanship is required from both the Executive and the Legislative Branches. For too long Congress has meddled or gone along without any real understanding of Middle Eastern politics. Neither the United States, nor Israel, nor any of the Arab states will be served by continued ignorance or the expediencies of election year politics.

A way must be found to harness the common interests of all of the people of the Middle East to the search for peace. All of them, Arabs as well as Israelis, value national independence. All fear Soviet influence or, as some would put it, Russian imperialism. All attach a high priority to internal development. (Even the Iraqis took pains to suggest that political and commercial relations are separable.) Continued hostilities are inconsistent with the aims of all states for independence and their own national development. It is hard to see how anyone benefits from continued political instability in the Middle East, except possibly the Soviet Union.

The views of respected authorities who regard the option of war as the only way out are deeply depressing. They see a war as perhaps better sooner rather than later because the level of potential violence only increases as arms are prefected and stockpiled. Such a war would, according to this argument, bring the United States and the Soviet Union so frighteningly close to the brink that they would accept the alternative of enforcing a dictated peace upon the conflicting parties.

The attitudes of the Soviet Union are not a matter of public record. It may see its interests as best served by continuing instability in the Middle East. It may also see that such instability will inevitably lead to a confrontation with the United States which would serve no one's interest. Soviet performance should be viewed within the context of détente. Its interests can be well served by playing a constructive role in the Middle East. It can enjoy the benefits of détente if it begins in this part of the world to accept the responsibilities of détente. One of the difficulties with the Sinai Accords was the virtuoso role of the Secretary of State which accompanied its formulation. Soviet sensibilities, bruised then, could be assuaged by a role with the United States in the formulation of a negotiating process and the principles to govern an overall settlement.

It is an avenue which should be explored. If the Soviet Union should agree to a joint search for a settlement in the Middle East, it should be possible to develop an agreement on the general principles of such a settlement and the multilateral process for reaching it. If a return to the Geneva Conference should be blocked by quarrels over Palestinian representation, then the questions of representation might be left to negotiation. But the other elements of a settlement, including Israeli withdrawals and guarantees of territorial integrity, are capable of rough definition in principles for negotiation.

All parties to the decades-long Middle Eastern conflict have something to gain from a negotiated solution, whether the objectives are guaranteed national security, the lifting of embargoes, freedom of trade and navigation, freedom of emigration, recovery of occupied territory, a homeland, or unrestricted access to places of worship. The United States, deeply and inextricably involved in the conflict since the establishment of the State of Israel, has its own stake in a settlement—a much more important stake than oil or export markets. Americans may not see the issues as those of life or death, as they are seen by the direct participants in the confrontation, but another Arab-Israeli war risks the danger of war with the Soviet Union and virtually assures a depression in the West. This is the fatal direction in which a continued Middle Eastern impasse leads us.

PASSIVE RESTRAINTS

Mr. MOSS. Mr. President, for more than a decade now, the Department of Transportation's National Highway Traffic Safety Administration has been evaluating the benefits that would accrue to the public from passive restraint systems in general and the air cushion restraint system in particular.

Unfortunately, that is all the Department has been doing—evaluating the benefits of the airbag system. While it is true that for more than 7 years now the Department's standards have sought to make passive restraints the law of the land, motor vehicle manufacturers are not yet required to install these lifesaving systems. I understand that the Department of Transportation is on the verge once again of embarking on a new initiative to require passive restraint systems. I await this new action and am looking forward to the day when each member of the public will have access to this lifesaving technology.

The April 1976 issue of "Consumer Reports" contains an outstanding article which summarizes the state of airbag technology and the advantages of the airbag versus seatbelt systems. I ask unanimous consent that this article be printed in the RECORD.

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

WHAT EVER HAPPENED TO AIR BAGS?

It was in 1969 that the Federal Government first proposed mandatory "passive restraints"—safety devices that operate in a crash without any action on the part of the car's occupants. In the seven years since, the data that has been accumulated on the effectiveness of air bags, the most developed passive-restraint idea, indicates that they could save thousands of lives each year. Yet the proposal for mandatory passive restraints remains just a proposal. It has been studied, restudied, postponed, and postponed again.

As this issue goes to press, it's understood the National Highway Traffic Safety Administration (NHTSA) has laid before Secretary of Transportation William T. Coleman Jr. several options that could eventually put a passive restraint in every new car. Sources in Washington characterize the NHTSA options as being most easily met by the gradual phase-in air bags over a number of years, perhaps starting with the driver's side of large cars in 1980.

CU believes that passive restraints are essential now that Detroit has begun a major, and necessary, redesign of cars to make them smaller, lighter, and therefore more energy-efficient. Without new safety devices, smaller cars will inevitably lead to a higher rate of deaths and serious injuries resulting from automobile accidents. As the accompanying report details, small cars are simply less safe than big ones, other things being equal.

Air bags can't change that equation. But they can make all cars, large and small, much safer. For one thing, air bags provide more protection than seat belts in head-on crashes, the cost common type of accident. And they protect against injuries in more severe accidents—that is, accidents occurring at higher speeds. And air bags will protect more occupants, since one needn't do anything to gain their protection in a crash. (For maximum protection, however, lap belts should be worn even in a car equipped with air bags, to hold you in place during rollovers, and to position you to retain control of the car during sharp accident-avoidance maneuvers.)

Air bags have been proved effective in big cars; General Motors already offers them as options in some models. Small cars have presented greater technical difficulties, since an air bag must deploy faster in a small car and in less space. Manufacturers of air bag components say the state of the art is such that air bags can now be installed even in subcompacts. CU has learned that General Motors has experimented with air bags in the *Chevette*, the smallest American car, and considers the experiment a success. Last May at a Government-sponsored safety conference, a GM spokesman said, "Certainly we believe [air bags] are reliable or we would not be selling them." Ford Motor Co., which has equipped 831 of its 1972 *Mercurys* with air bags, reported that there have been "no known system malfunctions in accident situations, nor any occurrences of inadvertent deployment" in the estimated 30 million miles these cars have traveled.

Nevertheless, one can expect the automakers to lobby vigorously in an attempt to persuade Congress to overrule any Department of Transportation action. Detroit may gain a sympathetic ear among Congressmen, who well remember the public outcry in 1974 against the safety-belt interlock system—the system that prevented a driver from starting the engine until safety belts were fastened. Congress reacted not only by banning the interlock but by requiring the NHTSA to delay final rules on passive restraints until Congress reviewed the proposals.

Defenders of the interlock say that no matter how onerous it was, at least it forced more people to buckle up. Although more people buckled up in 1974 models than in earlier cars with safety belts, the interlocks may have had less to do with that advance than is generally thought. Late last year the NHTSA sponsored a study involving large-scale roadside observations of occupants in 1974 cars, all of which had the interlock, and in 1975 cars, almost all of which lacked interlocks. The study showed that 40 per cent of the occupants of 1974 cars were belted. In 1975 models, in which there is no compulsion to wear belts, an even higher percentage (45 per cent) of occupants were belted.

Those results suggest that it wasn't the interlock alone that resulted in wider use of belts; it was also the increasing convenience and comfort of the belts themselves. It was in the 1974 model year that the three-point lap-and-shoulder belt system, which you can put on by making a single connection, replaced the tangle of unconnected belt sections installed in most earlier domestic models. It was in that year, too, that the inertia reel, which permits relative freedom of movement, came into wide use in domestic cars. Some of the newer American models, including the *Cadillac Seville*, the *Chevrolet Chevette*, the *Dodge Aspen*, and the *Plymouth Volare*, incorporate still more comfortable safety-belt systems.

WHY AIR BAGS?

With the design of belts improving and holding out the promise of greater public acceptance, why now encourage the added expense of air bags?

Since the states appear unwilling to pass laws requiring the occupants of cars to wear belts, it's likely that large numbers of auto occupants will remain unprotected, a danger to themselves and others on the road. Air bags, in contrast to safety belts, are always in place, ready to protect front-seat occupants from the most common crashes with no action on the occupants' part.

Crash tests have demonstrated that an average person in a properly adjusted belt system is on the threshold of serious injury when the car hits a solid, fixed barrier head-on 30 mph. (Such a 30-mph crash is equivalent to two cars of the same size crashing head-on, each going 30 mph, or to one car crashing straight into a parked car at 60 mph).

In general, today's air bags are considered to provide good protection up to a "barrier-equivalent velocity" of 40 mph. Researchers working on advanced air bag systems say it may be possible to provide protection up to 50 mph. An NHTSA safety official says that humans crash-testing cars with safety belts reach their limit of tolerance for discomfort at a barrier-equivalent speed of about 14 or 15 mph. But, he notes, "even with GM air bags that are now considered obsolete, volunteers have gone 30 to 35 mph, and there was no physiological indication they were reaching a limit; it was just that the test protocol didn't call for more severe crashes."

Some automakers, such as Volvo, have worked extensively on air bag development and designed their cars to be fitted with air bags without major modifications. Other automakers have ignored air bags. Manufacturers of air bag components have legitimately refused to invest in production facilities until they know what the Government will require. So although air bags are technologically feasible today, it will take at least two or three years to start up the production lines. That's why any Government proposal is expected to be gradual

WHAT'S AVAILABLE NOW?

A consumer who wants the considerable protection of an air bag now has but two choices. One is to buy a new *Buick*, *Oldsmobile*, or *Cadillac* and order the $315 air bag that General Motors offers as optional equipment on its big cars only. If you intend to buy a large car anyway, the availability of air bags on these GM cars is definitely a factor worth considering. The GM air bag protects both the driver and the passenger in the front seat.

But there's another choice for those who aren't in the market for a big car or for any new car. A small Florida company called Control Laser Corp. sells air bags that can be installed on the driver's side for most cars. Price: $75, plus $2 for shipping.

The National Highway Traffic Safety Administration tested Control Laser air bags in two 1972 *Mercury Montereys* equipped with instrumented dummies and automatic crash recorders. Control Laser states its air bags will not deploy in fixed-barrier crashes at speeds up to 15 mph; the Control Laser device did not deploy in a crash test at 12 mph.

The bags did inflate, as they should, during two barrier crashes at higher speeds. At 30.8 mph, the recorded forces on the dummy's head indicated that an average person should have escaped serious head injury in such a crash. Injuries in a crash at 41.1 mph would probably have been severe, but much less severe than if there were no protection at all. Thus, the device seems to meet Control Laser's claim that it will protect drivers in a crash equivalent to a 30 mph barrier crash.

Control Laser says it has no reports of accidental deployments of any of the 3000 air bags it has sold in the three years it has been making them. It should also be noted that the Control Laser device is small enough so that you can see the road and grip the steering wheel even during a deployment.

CU ordered two Control Laser air bags anonymously to check on installation difficulties. The air bag is compact (6¼ inches in diameter) and does not require electrical connections. You install it on the hub of the steering wheel with an adapter; the adapter replaces the nut that holds the steering wheel on. A mechanical sensor inside the device's vinyl cover responds to the force of a major crash by driving a firing pin into a cartridge, releasing gases that inflate the bag. (GM's air bags use electronic sensors built into the car.)

It was easy to install a Control Laser bag on our 1976 *Dodge Aspen Special Edition* following the manufacturer's instructions. All it took was a Phillips screwdriver, a socket wrench, and an Allen (hexagon key) wrench.

The installation was more difficult on our 1976 *Chevelle Malibu Classic*, because the cover for the hub of the steering wheel also contains the horn control. That took some cutting and rewiring. Either installation would be a simple job for an auto mechanic, and, considering how important it is that the device work right the first time it's needed, it should be worth the extra money to have a mechanic do the job. Control Laser says the device has a life of at least three years.

When you order one, Control Laser sends forms asking for the year, make, model, and color of your car and for your signed assurance that you understand that the device must be used with a lap belt. When you return the forms, the company ships the bag with instructions for installation.

The Control Laser device should be of special interest to those who find their shoulder belts too uncomfortable to use or those in cars that lack shoulder belts. Control Laser is located at 1800 S.W. Seventh Ave., Pompano Beach, Fla. 33060. The telephone number is (305) 781-3113.

FEA OIL PRICE REEVALUATIONS

Mr. JOHNSTON. Mr. President, since December 1975 when President Ford signed the Energy Policy and Conservation Act—EPCA—the Federal Energy Administration—FEA—has been charged

with the task of implementing the oil pricing concepts adopted by the Congress.

The act granted the Administrator of the FEA broad discretion to establish a pricing regime for domestic crude oil which will maximize the incentive for producers of crude oil subject to the pricing limitations contained in the act. FEA has been actively engaged in several rulemaking proceedings to implement this authority:

First, to establish regulations for the transition from the system of regulation authorized under the Emergency Petroleum Allocation Act of 1973;

Second, to establish a set of pricing tiers for categories of crude oil. Congress intended to provide strong incentive for increasing production and developing new fields while placing a ceiling on domestic oil prices;

Third, to specify the rate of price escalation in the various categories of production in accordance with domestic inflation and to grant special incentives for the most promising areas of new production; and

Finally, to carry out a thorough reevaluation of the basic regulation governing crude oil and product allocation and the passthrough of crude oil, other feedstock and nonproduct costs to consumers in the prices of refined petroleum products.

FEA rulemaking in the first two of these areas is now complete. In other areas, proposed rules are part of the public record but have not yet been made final. Other proposals are in the discussion stage only.

It has been the intention of the Senate Committee on Interior and Insular Affairs to hold oversight hearings on all significant FEA rulemaking proposals, and, in fact, such oversight hearings have been scheduled by the committee on two occasions prior to the recent congressional recess. However, these hearings were not held due to scheduling difficulties with the FEA Administrator, Frank Zarb.

I am still hopeful that the committee, the Congress, and the public will have the opportunity to review the record of congressional oversight hearings at which the responsible administration witnesses are available for detailed questioning on the issues. We will explore the possibilities for holding these hearings in the future.

In the meantime, however, significant decisions involving important questions of public policy are being implemented. It is important that the administration's position on these issues be clarified.

Therefore, on April 13, I wrote to Mr. Zarb, in behalf of the committee, asking a number of specific questions concerning regulations which implement the Energy Policy and Conservation Act. The FEA response to these questions should be available on or before May 1. Hopefully, these responses will result in substantial clarification of a number of issues which are raised by FEA actions—both those which have been implemented and those which are proposed.

Mr. President, I ask unanimous consent that my April 13 letter to Frank Zarb and the questions which accompanied it be printed in the RECORD.

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

WASHINGTON, D.C., *April 13, 1976.*

HON. FRANK G. ZARB,
Federal Energy Administration,
Washington, D.C.

DEAR MR. ZARB: I have been disappointed that it has not been possible to arrange a date at which you could appear before the Senate Committee on Interior and Insular Affairs to discuss the implementation of the oil pricing provisions of the Energy Policy and Conservation Act by the Federal Energy Administration. The FEA regulations establishing price controls on the sale of domestic crude oil and detailing the operation of the program to equalize crude oil costs among domestic refiners are very complex. I had hoped that the Interior Committee would be able to review these regulations with you in person.

The Committee may seek an opportunity to hold such a hearing at a later date. In the meantime, I have attached to this letter a list of questions regarding the FEA petroleum pricing regulation. I would appreciate your prompt response. The target date for the Committee to receive your answer is May 1, 1976 and I hope that you will be able to meet that target date.

Sincerely,

J. BENNETT JOHNSTON,
U.S. Senator.

CRUDE OIL AND REFINED PETROLEUM PRODUCT PRICING

1. Explain FEA's rationale for the allocation of allowed price under EPCA as between lower and upper tier oil.

(a) What incentives to increase domestic oil production are embodied in the Phase I FEA regulation for producers of existing properties, new properties and properties in which enhanced recovery methods, including waterflooding, steamflooding and more exotic techniques are used?

(b) What incentives to producers of upper and of lower tier oil are embodied in FEA's allocation of the inflation and 3 percent incentive adjustment to the domestic average composite price which is authorized under EPCA?

(c) What are FEA's projections of lower tier, upper tier and total domestic crude oil production by quarter for the 40 month period during which EPCA price controls are authorized? What is the basis for these projections? How much production from new discoveries, expanded development of existing fields and institution of enhanced recovery is projected by FEA? What are now considered the most promising sources of new domestic oil? How does the FEA's crude oil price regulation match with these expectations and projections?

(d) How does FEA plan to assign price ceilings to crude oil production from properties on which production began after 1975?

(e) Describe the definition which FEA has used for a "property" for purposes of determining levels of production and the allocation of oil production as new and old oil. Explain the April 13, 1976, FEA proposed rulemaking on the "property" definition, including the rationale and the impact of the proposed rulemaking.

2. Does FEA intend to propose to the Congress amendments to the crude oil pricing regulation which would result in an increase in the composite domestic average price above ten percent per year? If so, when will this proposal be made?

3. Which statistics give us the best indications of the level of exploratory and development activity in the United States? How have these indicators changed since 1973? 1974? 1975? Is there any evidence that the pricing policy under EPCA has had any impact on the level of exploratory and development activity?

What has been the historic lag-time between shifts in exploratory activity and changes in patterns of actual production? When does FEA anticipate that new production will begin to show up as a result of increased exploratory and development effort?

4. What are the assumptions and what is the basis for assumptions which FEA is now using about the world price of crude oil at the end of 1976? 1977? 1978? 1979? the 40-months period provided in EPCA? What is the likelihood that domestic prices and world price will reach parity by the end of the 40-month period?

5. Is the Administration's energy goal still "energy independence" by 1985? If so, what does "energy independence" mean in this context?

Does the concept of energy independence include development of sufficient domestic refining capacity to match the domestic need for the full range of refined petroleum products? What role does the Administration intend that foreign refining capacity play in meeting these needs? Which FEA policies specifically encourage the development of domestic refining capacity?

6. What incentives are embodied in the FEA crude oil entitlements program which encourage domestic refiners to make maximum use of domestic crude oil supplies and thereby reduce imports?

Will this policy tend to maximize domestic oil production within the framework of EPCA? What is the added cost of this policy to domestic refiners who do not now have access to domestic oil supplies?

According to recent trade press accounts the "three-tier" price structure which FEA is adopting for the purposes of determining entitlement revenue could lead to higher feedstock costs for refiners using domestic oil than for those using imports. Is this true? If it is, do you plan to alter the policy? How?

7. (a) As FEA understands the provisions of the so-called "small refiner exemption" in EPCA, is it intended that small refiners who are sellers of entitlements shall have their costs increased as a result of the operation of the exemption? Has this in fact happened?

(b) What changes, if any, in the present small refiner exemption does FEA plan to make to equalize competitive advantages of small refiner sellers of entitlements with respect to small refiner buyers? What will be the resulting "bias" in the regulation with respect to the position of small refiners vis-a-vis the major oil companies?

(c) What is the role and importance of the "small refiners" as defined in EPAA and EPCA and the independent refining sector generally in producing the refined petroleum products which the domestic economy uses?

8. I understand that certain producers of old oil in California, among them the City of Long Beach, are required by FEA regulations to sell this oil for an average of $4.21 per barrel.

I have assumed that the national average old oil price is $5.25. Is this true? Do you have data which shows the distribution of prices around the $5.25 average?

What is the reason that the California average price for old oil is held so low? Will producers find it profitable to continue production in these fields at this price? What has been the production curve, and what production curve is FEA projecting, for these California fields?

Has FEA gathered any information or conducted any investigations to determine whether the treatment of these California producers of old oil is equitable in comparison with treatment of producers of old oil of

comparable grade and quality elsewhere in the U.S.? What did these investigations show?

Does FEA plan regulatory action to adjust treatment of these fields? When?

9. (a) What procedures does FEA allow to ensure a fair hearing for all those who come before it?

Does FEA provide the same procedural guarantees for all the various forms of relief available?

When does FEA provide for a public hearing?

What are the differences between a "conference", "hearing" and "public hearing"?

How does FEA decide when to grant a conference, but not a hearing? A hearing, but not a public hearing? What is the difference between a "formal" and "informal" conference? Who makes these decisions? Can they be appealed?

9. (b) With the increasing availability of petroleum products, many people are seeking *exception* relief from the inflexible provisions of the regulations. How does FEA conduct these proceedings?

Does FEA follow its own case precedent?

Does one person make all the decisions?

How does FEA assure uniform decisions on similar cases?

How does FEA gather evidence?

Is a record kept of all contracts by interested persons?

Is that record, if any, part of the total evidentiary record?

If so, then is it available to parties for examination in preparing or conducting an appeal?

How does FEA determine who should be notified of a proceeding?

Are all proceedings given public notice?

Are these contacts reflected in the agencies decisions?

Is an evidentiary record maintained? What is included in the record?

Is cross-examination ever permitted? Why or why not?

How are contested proceedings handled? [i.e. proceeding where two opposing parties may be before the agency on a single issue?]

If someone gets an adverse decision, who can he appeal to?

10. An increasing number of refining/marketing companies are complaining, in their public statements, about the lack of profitability. Yet, in a recent proposal, dealing with the market for residual fuel oil on the East Coast, FEA indicated a compulsion to amend the Entitlement Program to ease the competitive pressures felt by certain foreign refiners. Isn't it ironic that FEA feels compelled to assist these foreign refiners at the expense of an under-utilized domestic refining industry? What has been the role of the FEA, of the State Department and of U.S. policy towards Venezuela in the development of this regulatory action?

11. (a) Please briefly review the status and volumes of exports of crude oil to the United States announced by the Canadian government and FEA's program to allocate these crudes.

What is the volume of heavy crude oils currently available from Canada?

Isn't it generally felt that the volumes of heavy crudes are likely to increase, and is it possible or even probable that heavy crudes will continue to be exported from Canada even after the announced expiration date for exports?

(b) If the flow of heavy crudes to the United States were to be reduced, do all the Northern Tier refiners have alternative future economic sources of supply?

Do your allocations to northern refineries include heavy oils even though the refineries can't refine heavy oils? If so, why?

(c) What encouragement is being given to Canada now to increase its production of heavy oils for export to the United States?

What can FEA do to assure a continued market of heavy crude in the United States in order that Canada's production of these crudes can be stimulated and long-term supplies developed that will benefit our Northern Tier refineries?

12. It has come to my attention that a proposal has been made to FEA to provide an exemption from refiner price regulations for small-business refiners. I understand that this proposal would not affect crude oil price regulations at all. I also understand that, provided a small business refiner were defined as one with capacity less than 50,000 b/d, the effect of this proposal would be to remove 77 percent of U.S. refining companies from regulation while retaining controls on 90 percent of domestic refinery capacity. What is FEA's view of this proposal? What would be the impact of the proposal on competition, prices and incentives to build new refining capacity? Does EPCA provide FEA with the flexibility to implement such a proposal? What administrative problems would it cause? Does FEA plan any action on this proposal?

VA DEPARTMENT OF MEDICINE AND SURGERY LOSES TOP AIDE

Mr. CRANSTON. Mr. President, we on the Senate Veterans' Affairs Committee and all of America's veterans lost a dear friend and valued advisor this month when Dr. Joseph J. Baker, Director of the Mental Health and Behavioral Sciences Service of the Veterans' Administration's Department of Medicine and Surgery, died suddenly of a heart attack.

Joe Baker was a graduate of Temple University Medical School, a veteran of World War II, a distinguished hospital administrator and State health official in Tennessee. Since 1970, he has been a high-ranking officer in the VA's health care program.

Dr. Baker also served as a faculty member at Brown University, and later at the George Washington University Medical School. He was a consultant to the American Medical Association, a member of the accreditation council of the Joint Commission on Accreditation of Hospitals, and a fellow of the American Psychiatric Association and the American College of Physicians.

During his tenure of service with the VA he provided guidance and wisdom on a wide range of difficult medical-legal issues. His field—mental health and behavioral sciences—generated some very complex policy problems in such areas as behavior modification, alcoholism and drug abuse, veterans readjustment problems, and many others. His most enduring contribution was his leadership in developing the multidisciplinary approach to patient care that is now a hallmark of the VA hospital system. We who worked closely with Dr. Baker on these issues came to admire his dedication and to depend on his counsel.

On behalf of my colleagues on the committee, and particularly its Subcommittee on Health and Hospitals, I would like to express our sincere condolences to Joe's wife, Judy, and to their three children. His extraordinary medical career and the compassion and dedication of his 6 years of service here in Washington won him many friends and admirers in this Chamber, and his contributions will be remembered by those who knew and worked with him.

DOMESTIC URANIUM RESERVES INADEQUATE TO FUEL MORE REACTORS

Mr. GRAVEL. Mr. President, above and beyond the safety problems, the radioactive waste problems and the weapons proliferation problems of nuclear power, another constraint on the development of atomic energy is now coming to light.

It is the simple fact that we do not have enough uranium to fuel a large number of reactors.

Considering our domestic reserve of economically viable uranium alone, we may well already be building and operating more light water reactors than we have fuel for. Naturally, more uranium exists overseas—but to plan to rely on imported uranium for our nuclear power plants is a strange way to achieve energy independence, which is the rallying cry of many of the supporters of nuclear power.

Authorities throughout the Western world are now recognizing that a shortfall in uranium supply is likely as early as 1980.

The Committee for Nuclear Responsibility has just published two new papers on the uranium fuel situation: "The Nuclear Fuel Scandal," by Egan O'Connor; and a flier entitled "Nuclear Power: Bad for Jobs." These papers draw together in a very concise way the evidence showing that, because of the small amount of usable uranium ore, nuclear power cannot contribute significantly to our long-term energy needs.

I would like to note the directorship of the Committee for Nuclear Responsibility:

John W. Gofman, Professor Emeritus of Medical Physics, University of California at Berkeley.

Richard E. Bellman, Professor of Mathematics, University of Southern California.

Ramsey Clark, former Attorney General.

John T. Edsall, Professor of Biochemistry, Harvard.

Paul R. Erlich, Professor of Biology, Stanford.

David R. Inglis, Professor Emeritus of Physics, University of Massachusetts.

Eloise W. Kailin, American Board of Allergy and Immunology.

Richard Max McCarthy, former Congressman.

Ian McHarg, Chairman, Department of Landscape, Architecture and Regional Planning, University of Pennsylvania.

Lewis Mumford, author and Honorary Fellow, Science Policy Foundation.

Linus Pauling, Nobel laureate, Professor of Chemistry, Stanford.

Harold Urey, Nobel laureate, Professor Emeritus of Chemistry, University of California at San Diego.

George Wald, Nobel laureate, Professor of Biology, Harvard.

James D. Watson, Nobel laureate, Professor of Biology, Harvard.

Mr. President, I ask unanimous consent that the Committee for Nuclear Responsibility papers be printed in the RECORD.

There being no objection, the papers

were ordered to be printed in the RECORD, as follows:

THE NUCLEAR FUEL SCANDAL

(By Egan O'Connor)

The U.S. is already building nuclear power plants for which there exists no known U.S. fuel supply.

All authorities (including ERDA and the U.S. Geological Survey) agree that proven uranium reserves in the U.S. total only 600,000 tons of yellowcake (U_3O_8) from ores richer than 200 parts per million; all additional tons in that class are only "potential", "possible", "probable", "speculative", "assumed", and "estimated"—the epithet depending on the particular document in hand.

But to fuel the 700 large American reactors which have been touted as major contributors to our energy supply in the next 25 years (supposedly producing 30% of our energy by the year 2000, if only we would stop objecting to them on safety grounds), it would require not a pitiful 600,000 tons of uranium oxide/yellowcake, but rather about 7,800,000 tons of it if there is no fuel reprocessing, or about 5,800,000 tons if there is successful reprocessing.

As for 600,000 tons—they are sufficient to fuel only 54 of the thousand-megawatt plants for their lifetimes, or 73 plants if we assume reprocessing of used fuel. (See calculations and assumptions spelled out in "Nuclear Power . . . a Trivial Source of Energy", CNR 3/76).

In other words, Congress and the press and the American voters are being sold "pie in the sky" when it comes to nuclear power. There is nothing but an imaginary supply of fuel for the program.

As for gobs of nuclear power in the next century via the nuclear breeder—which is getting about 7 times more tax-money than solar energy—let's wait to see if they can show us how a few Light Water Reactors can produce enough plutonium for a breeder program of *any* energy significance in the next 50 years. Robert Seamans, ERDA's chief, talks about the "myth" that solar energy can provide a significant amount of energy before the year 2000; suppose the real myth is that the breeder can provide a significant amount of energy before the year 2100?

TEN AUTHORITIES DESCRIBE THE NUCLEAR FUEL SHORTAGE

(1) Dr. Chauncey Starr, former Chairman of Engineering at UCLA and now head of the utilities Electric Power Research Institute, says that over the next 25 years, we will need to find from 4 to 8 times as much uranium as the present U.S. total of proven reserves. (In *Fortune* magazine, "We May Find Ourselves Short of Uranium, Too," by Dr. Ralph Lapp, Oct. 1975).

(2) Warren I. Finch, chief of the U.S. Geological Survey's Branch of Uranium Resources, says the U.S. will need five times more uranium than has been found so far "if the nuclear power industry is to survive on domestic fuel." (Dec. 9, 1975, at a USGS uranium conference in Colorado).

Note: The difference between our calculation that 9.6 to 13 times more uranium would be needed, and their 4 to 8-fold figure, arises largely from their overestimate of how much energy (kilowatt-hours) a Light Water Reactor can produce from a ton of uranium oxide (yellowcake). Our calculation is performed in "Nuclear Power . . . a Trivial Source of Energy" 3/76, and provides a probable theoretical *maxim*. Examination of *actual* energy output per ton in Light Water Reactors so far shows even *less* energy, according to a report by Morgan Huntington (see paragraph #4.).

(3) Siegfried Muessing, Getty Oil's uranium expert, says, "In spite of increased knowledge of the way uranium occurs, the ore bodies are getting harder and more expensive to find . . . This results not only from the increased depth at which (ore) targets must be sought, but perhaps also from an increasing scarcity of these targets." (The Fortune article, Oct. 1975).

(4) Morgan Huntington, mining engineer with the U.S. Bureau of Mines, has shown that the discovery rate of uranium per foot of exploratory drilling has dropped more than 4-fold since 1948. Extension of the curve derived from actual drilling-experience suggests that only 744,000 tons of uranium (from ores richer than 200 ppm) are all that will ever be found. Most uranium ore below 200 ppm will yield less energy via Light Water Reactors per ton than a ton of coal. (And few people would seriously propose that we mine 2 tons of uranium-bearing shale to get the same energy we could get from mining 1 ton of coal). (From the report, "How Good Are Our Energy Reserve Estimates, and How Much of This 'Energy Reserve' Can Be Made Available to the Economy as Net Usable Energy?", 2/13/76, by Morgan Gurdon Huntington, Woodfield Rd., Galesville, MD 20765.)

Note: Great credit is due to Morgan Huntington, who was the first to raise and answer many of the nuclear fuel-supply questions.

(5) Robert Nininger, uranium expert for ERDA, says, "No major uranium-producing areas or potential areas have been identified in this country during the past 17 years." (The Fortune article, Oct. 1975).

(6) Dr. Ralph Lapp, physicist and consultant to the utility industry: "The lack of major discoveries is clearly bad news." (From his article in Fortune, Oct. 1975).

(7) Hans Adler, of ERDA's Nuclear Fuel Cycle and Production Division, says, "Demand . . . is projected to be far greater than any resource estimates that can be made on the basis of present factual information . . . a number of predictions, based on largely statistical treatment, have accorded the eastern half of the U.S. the same degree of favorability for uranium discovery as the western half. Such treatment . . . appears to be contrary to available geological evidence . . ." (His report, "Geological Aspects of Foreign & Domestic Uranium Deposits and Their Bearing on Exploration", presented to the Grand Junction Uranium Industry Seminar, 1975.)

Note: Over 90% of proven U.S. uranium reserves are in the west. (*Not Man Apart*, 12/75).

(8) The U.S. Government Accounting Office, in its preliminary report to Members of Congress on the U.S. uranium shortage, "confirms my initial fear that our nation is in serious danger of running short of uranium within the next 10 years," says U.S. Rep. Ron Motti from Ohio, February, 1976. (See "Critical Mass", 2/76).

CAN AMERICA IMPORT NUCLEAR FUEL?

(9) C. R. Lattanzi, Canadian geologist, says, "Analysis (suggests) that potential supply from known reserves of uranium is insufficient to satisfy projected demand in the Western World as a whole beyond 1979 . . . Very large shortfalls in supply may be anticipated in the first half of the eighties." (Speech to the World Nuclear Fuel Market annual meeting, in Washington, D.C., Sept. 1975).

Note: The fuel situation is not as limiting for Canadian CANDU Heavy Water Reactors as for the American Light Water Reactors.

(10) Sir John Hill, chairman of the United Kingdom Atomic Energy Authority, says, "The world's proved resources of uranium in the grades presently exploited are not large, and all these will be committed to conventional reactors ordered up to the end of this year (1975)". (In *Atlas* magazine, "Do We Need Nuclear Power?", 1/76).

IS FISSION FINISHED?

The U.S. Federal Energy Administration announced March 4, 1976, a 30% reduction in President Ford's "plan" to get 200 nuclear plants on line by 1985. Although the FEA did not blame the fuel shortage, perhaps this is a signal that (only privately) the government has recognized the fuel scandal, and is backing off President Ford's "plan" to get 700 or 800 nukes into operation by the year 2000!

Meanwhile, the Florida Public Utilities Commission has opened an investigation into the future costs and availability of nuclear fuel. The Florida Power Corp. announced in early January that it would build no more nukes because of the uncertainty of obtaining fuel. On the other hand, Florida Power & Light is still planning to build 4 more nukes in the next 10 years . . . In Connecticut, the Public Utilities Control Authority has started hearings on several issues including the shortage of nuclear fuel. (See "The Power Line", Feb. 1976, from the Environmental Action Foundation).

NUCLEAR POWER . . . BAD FOR JOBS

Quite in addition to the hazards of nuclear power for this generation and thousands of generations to come, there is also a severe shortage of nuclear fuel in the U.S. for the nuclear plants which utilities plan to build;

The severe shortage of nuclear fuel for our light-water nuclear plants has been acknowledged by the federal ERDA, the U.S. Geological Survey, and the utilities;

The U.S. is already importing nuclear fuel to stretch our own supply. But the U.S. should not put itself at the mercy of another set of foreign fuel-owners. Besides, the known uranium reserves of the whole Western World may not satisfy projected demand beyond 1979;

The construction of nuclear power plants which could not be fueled would deal a horrible blow to the American economy by using up scarce capital and energy which are needed elsewhere for jobs . . . and by causing the cost of electric power to rocket out of sight;

It would be reckless to allow utilities to build highly expensive nuclear plants when they can not be sure of a supply of fuel for the lifetime of each plant; such building would represent gross economic irresponsibility;

U.S. utilities have already built or started to build the equivalent of 98 thousand-megawatt nuclear plants, which are MORE than can be fueled with certainty;

For these economic reasons, quite in addition to the many other dangers of nuclear power, no more nuclear power plants should be started or planned anywhere in the U.S.

U.S. policy-makers must stop promoting nuclear power as a significant energy source to "tide us over" the next 25 years. FACT: the amount of energy which can be won with light-water nuclear plants from our total known fuel supply is trivial.

Reliance on nuclear power plants which could not be fueled would lead to real power shortages and unemployment. For jobs and reliable energy, introduction of solar power now would be a much more prudent policy.

SHORTAGE SOURCES

ERDA (Energy Research & Development Admin), Report #48, a National Plan for Energy RD & D, June 28, 1975, and ERDA Market Survey, Spring 1975; EPRI (Elec. Power Research Inst.) President, Dr. Chauncey Starr, as quoted by Dr. Ralph Lapp in Fortune magazine, October, 1975; U.S. Geological Survey's uranium experts, Dr. Frank Armstrong and Warren Finch, speaking in Colorado to a USGS conference on uranium supplies, Dec. 9, 1975; C. R. Lattanzi, consulting geologist to Robertson & Assoc. (Canada) in speech Sept. 1975 to the annual

meeting of the World Nuclear Fuel Market; also Sir John Hill, Chairman of Britain's Atomic Energy Authority, in his presentation, "Do We Need Nuclear Power?", reprinted in Atlas magazine, Jan. 1976.

HOW MANY NUKES WE CAN FUEL

Stated known U.S. uranium supply: usable ore containing 600,000 tons U_3O_8.

This resource can fuel only 54 thousand-megawatt LWR nukes (light water reactors) if we assume plants operate at 70% of their rated capacity (80% was promised) for 40 years each, and used fuel rods are not reprocessed.

In LWR technology, a ton of U_3O_8 can yield 22 million kwh/electrical without reprocessing, and 30 million kwh/e with reprocessing. A thousand-megawatt nuke operating at 70% capacity needs enough fuel to generate 6.132 billion kwh/e per year, or 245.3 billion kwh/e over 40 years. Division by 22 million gives 11,150 tons U_3O_8 required per plant. Division of 600,000 known tons by 11,150 gives 53.8 plants fuelable. The same calculation gives 73 plants fuelable if we assume reprocessing of used fuel rods.

If we dare assume that the U.S. will have 1,000,000 tons of U_3O_8, that quantity could fuel 90 plants without reprocessing, and still only 122 with reprocessing.

NUKES AS A TRIVIAL SOURCE OF ENERGY

One ton U_3O_8 via LWR (light water reactor) technology yields 22 million kwh/e without reprocessing, and 30 million kwh/e with reprocessing. The above statement assumes:

(1.) a 33% loss of U_{235} (left in the tails) during the enrichment process.

(2.) a 15% loss of U_{235} in the reactor by neutron-capture, producing unfissionable U_{236} or U_{237}.

(3.) a yield of 22,000 kwh/thermal from the fission of one gram U_{235}.

(4.) a 43% energy bonus per U_{235} fission, mostly from the fissioning of Pu_{239}.

(5.) in one cycle, a 70% burn-up of the U_{235} in the fuel.

The yield from 1 ton of U_3O_8 via LWR, or 22 million kwh/e, is the equivalent of 225 billion BTU's/thermal. Multiplication by 600,000 tons = 135 quadrillion BTU's/t or 135 "Quads" thermal (135×10^{15} BTU's/t). The same treatment, if reprocessing of used fuel rods is assumed, gives a figure of 184 Quads/thermal available energy.

Both figures represent gross potential energy yield via LWR technology, not the net yield. No deductions have been made for the energy used up by the nuclear power industry itself.

135 Quads/t or 184 Quads/t, used over the 40-year lifetime of LWR nukes, represent gross energy contributions of only 3.4 Quads/t per year or 4.6 Quads/t per year. Compared with U.S. energy consumption of about 70 Quads/t per year now, and 120 Quads/t expected in the year 2000 even with elimination of much waste, nuclear power represents a trivial source of energy.

ESTATE TAXES INCREASINGLY SERIOUS FARM PROBLEM

Mr. BURDICK. Mr. President, the other day I came upon an excellent article in the April 4 Fargo Forum written by one of North Dakota's outstanding reporters, Mr. Jim Baccus. Mr. Baccus' article entitled "Estates Taxes Increasingly Serious Farm Problem" documents in a very thorough way the need for a serious reexamination of the Federal estate tax law.

I know that many other Members of Congress have sponsored legislation similar to my bill which would update the Federal estate tax. In light of this interest, I know that my colleagues will benefit from the cogent analysis as presented by Mr. Baccus.

Mr. President, I ask unanimous consent that this article by Jim Baccus be printed in the RECORD.

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

ESTATE TAXES INCREASINGLY SERIOUS FARM PROBLEM

(By Jim Baccus)

Not long ago a North Dakota grain farmer died unexpectedly, leaving behind a 2,300 acre farm, mortgage free, but very little cash.

His son wants to operate the farm. His daughters, in their 40's, naturally want to be beneficiaries.

The Internal Revenue Service (IRS), calculating the estate taxes, sometimes called death taxes, has set the taxable value of the farm at $1,885,000 using the "fair market value," based on prices for other land in the area.

IRS experts use the phrase "willing buyer-willing seller at date of death." But the son doesn't want to sell. He wants to farm.

The tax on the adjusted gross estate has been figured by IRS at $821,939.

However, if the appraisal had been on the basis of the earning ability of the land averaged over a five-year period—based on the productive capacity of the land for agricultural purposes—the taxable value of the farm would be $1,054,939.

The estate tax would be, not $822,000, but $418,413.

The family now has two choices. It can sell enough of the land to pay the taxes, which would cut the farm-size in two.

Or it can borrow the money. If it borrowed the $822,000, figuring a modest six per cent return on its investment in its million dollar farm ($63,000 annually) and put all of the return against the debt, it would still take over 45 years to repay the loan.

For family members in their '40s, it's an impracticality.

But if the tax obligation was only $418,413, the family could borrow it at nine per cent, use all of the farm income to retire the debt and have the farm free again in just over 10 years.

Take another case. The farmer, in his early '50s, died suddenly, leaving a widow and a son who wants to work the 1,000 acre family farm.

Again the farmer left only a small amount of cash but a considerable tax carryover, since he had stored his 1975 crop into '76, using his deferred payment privilege—with heavy tax consequences.

The IRS has set the farm's value at $800,000, based on "fair market value," and the tax bill at $180,000.

The family figures it needs $240,000 to provide a new house for the widow (so the son can take over the farmstead) and meet the carryover tax obligations.

It can sell 300 acres of land and pay the government, or can borrow the $240,000. With an annual income of $30,000 from the farm, $8,000 of which goes to the widow and $22,000 against the debt, it will still take over 40 years to free the farm, at nine per cent mortgage interest.

Again—an impracticality.

These and dozens of other examples can show how inflation, pushed-up land values and the eroding dollar have threatened farm, ranch and closely held business ownership.

On the death of a farmer or rancher, many families have found themselves faced with such high estate taxes that they are forced to sell the farm or ranch, despite their desire to keep it.

A realization that the value of the estate tax exemptions have been eroded by inflation has led to a massive campaign to have the tax law changed. Some say the chances now are that Congress and the U.S. Treasury will have to go along.

Almost 100 congressmen have endorsed such legislation. The House has completed two weeks of hearings. The Senate will take up the matter when its Finance Committee begins hearings Monday.

Dozens of farm and business organizations have endorsed the many bills before Congress, "Something must be done," Senator Quentin Burdick, D-N.D., said recently in a Senate speech.

"The present operation of the federal estate tax is challenging a basic idea . . . the right to pass the private ownership of property from one generation to another."

The present law has a specific exemption of $60,000, with a marital deduction (the "widow's tax" exemption) set at 50 per cent of the adjusted gross estate. Land appraisal is set at that so-called "highest potential use."

A few definitions will help you understand the tax law changes that are now being proposed.

The adjusted gross is that amount of the taxable estate after such things as bills of last illness, funeral expenses, attorney's fees, charitable gifts or estate administration costs have been deducted.

The marital deduction, against the amount of tax on the transfer of estates between spouses on the death of one, was added to the law in the interest of fairness among all the states. Some states had adopted community property laws, a 50–50 division of property between spouses.

The estate tax should not be confused with inheritance taxes. The estate tax taxes the right to give, while the inheritance tax taxes the right to receive.

Minnesota has an inheritance tax system, plus a supplemental estate tax in case the total amount of the inheritance tax does not equal the credit allowed on the federal estate tax return for state death taxes paid.

Minnesota has divided its rate schedule into various classes of kinship and in each class the rates are progressive. The result is an assessment almost impossible to complete without legal help.

Last July the North Dakota estate tax was "federalized," with estates given the present $60,000 specific exemption. The taxable estate is similar to the federal, less any property not located within North Dakota.

An insurance exemption of $25,000 was removed, the federal estate tax paid was made and allowable state tax deduction and the marital deduction was also "federalized."

The North Dakota tax rate is two percent of the estate on the first $30,000, then rising to a set amount plus a percentage of the excess over the set amount.

The tax on a $1 million estate is $106,800, plus 17 percent of any excess up to $1.5 million.

The North Dakota rates are about 15 percent lower than the federal rates, according to Pamela K. Anderson, probate officer for the Merchants National Bank and Trust Co. in Fargo. After 15 months, a 12 percent interest rate is applied to any unpaid tax.

The federal system requires filing within nine months, with interest of seven percent and a penalty of five percent a month for late filing unless an extension is granted.

In addition to all these taxes, it is necessary to consider another—the federal gift tax. These taxes are about 25 percent lower than the estate rates on comparable amounts of transfer.

A return is not required if the total value of the gift made to each person during the calendar year does not exceed $3,000. The donor may make as many of these gifts as he chooses and they should not be confused with the allowable charitable deductions by which Americans help finance good works.

In addition, each donor carries a lifetime exemption of $30,000, which means that his

gift total in excess of the $3,000 may be carried tax-free against his lifetime exemption—until the $30,000 has been used up.

IRS says: "The (lifetime) exemption may be taken in the full amount in a single calendar year, or it may be spread over a period of quarters or years in any amount chose . . ."

Between husband and wife, both of whom have the $30,000 lifetime exemption, the $60,000 can be "borrowed," or co-joined or split between them.

According to Ralph D. Stenseth, program manager, estates and gift taxes, IRS Fargo, two parents could thus give away $66,000 during one year, using up their two lifetime exemptions, plus their annual $3,000 exemption privileges.

It is not possible to avoid estate taxes by suddenly transferring one's property to another. Such property is taxable if transferred within a three-year period preceding death, "if such transfer was made in contemplation of death."

The law applies when the transfer has been made (as IRS says) for "less than full and adequate consideration in money or money's worth."

This is the setting under which the Senate Finance Committee will consider new legislation—changes which would apply to all estates, rural and urban and which are found generally in bills sponsored by Rep. Omar Burleson, D-Tex., and by Sen. Carl T. Curtis, R-Neb.

Federal rates on taxable estates are stiff. They range from three per cent of the gross estate whose value is not over $5,000 up to 77 per cent on estates whose value is over $10 million. The tax on a gross estate of $10 million or better is $6,088,200.

The tax on a gross estate of $1 million but not more than $1.25 million (not unusual in the Great Plains) is $325,700 or 39 per cent.

The Senate committee is sure to hear that the loss to the U.S. Treasury if the laws are changed will be severe.

In fiscal 1975, federal revenues from estate and gift taxes amounted to $4.6 billion, or 2.5 per cent of the $187.5 billion the government received in general revenues.

Mitchell E. Primes, District IRS director in Fargo says in fiscal 1974, the government received $8,138,000 in estate taxes from North Dakota; $147,510,000 from Minnesota; $8,933,000 from South Dakota.

Last week the House Ways and Means Committee was told the Administration has a different plan.

Under the Ford plan, the personal (specific) exemption would rise by $18,000 a year, to $150,000 in five years.

Lower-bracket rates of tax on estates from three to 28 per cent would be eliminated. The first bracket of assets, in excess of the exemptions, would be taxed at 30 per cent.

Gifts and bequests between husbands and wives would be free of tax, without limit. To ease strain, no payment and no interest would be levied for five years after death of the donor. In special cases, the payments could be stretched out over a period of 20 years, with interest at four per cent.

Generally, that privilege would extend to the first $300,000 in value of the farm or business. Enterprises of $600,000 or more would not have that extension privilege.

Pamela Anderson, who holds a master's degree in economics from the University of North Dakota, in 1974 prepared a thesis on the subject of death taxes in North Dakota. The thesis opens with a quote from the Minnesota Tax Commission, made in 1910:

"This method (estate taxes) of increasing the public revenue is wise, simple and effective. Wise because it does not touch private property during the life of the owner and thus places no burden on business activity. Simple because the tax is easily ascertained and collected while estates are in the probate court; effective, because by the application of progressive rates, it adds no burden to the poor, but permits those who have much to contribute to the government somewhat in proportion to their ability to pay . . ."

ANTIBUSING LEGISLATION

Mr. BEALL. Mr. President, we are all aware of the leadership of my distinguished colleague, Senator ROTH, in antibusing legislation. The senior Senator from Delaware recently authored an excellent article on busing which appeared in the Wilmington News Journal of April 3. I commend this article to 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:

TOO MANY JUDGES STRESS RACIAL MIX IN SCHOOLS

(By Senator WILLIAM V. ROTH, Jr.)

Too many judges today believe they have a moral or legal obligation to require, by any means necessary, a "proper" racial mix in our public schools.

In ordering sweeping changes in our school systems for this purpose, without regard for costs or the disruptions caused, these judges ignore several basic social and legal facts:

1. Concentrations of blacks in our schools—or, for that matter, concentrations of Irish, Italians, Germans, or any other ethnic groups—reflect residential concentrations that have always existed in American cities and towns. They are not the result of discrimination alone. They are a natural outgrowth of group loyalties, cultural bonds, similar income and educational labels, and so on.

For most groups, these residential concentrations have usually brought increased political and economic influence. Today, for example, many blacks feel that gaining a larger voice in the operation of inner-city schools is more important than achieving racial balance.

The Constitution does not require that ethnic or racial communities be destroyed. It requires only that no individual be confined to them by law. Our whole history has been to allow individuals full freedom to maintain or abandon their ties with such communities.

2. In assigning students to schools solely on the basis of race, the courts are standing the Constitution on its head. The landmark desegregation ruling of 1954 held that no child could be excluded from a public school on account of race. But the courts today are declaring that the Fourteenth Amendment, far from prohibiting the assignment of students on the basis of race, actually demands it. From an effort to expand the freedom of one group, they have gone far beyond the Constitution to arrive at a point where they are restricting the freedoms of other groups. From a position that the Constitution is color-blind, they have moved to a preoccupation with race, creating a tangled web of statistical requirements based solely on group affiliation.

3. No hard evidence can be found to support claims that the educational achievement of either black or white children is improved when they are shuttled from school to school to promote racial balance.

In truth, it is a form of racism to assume that blacks must share classrooms with whites in order to learn, or to assume that every black school is inferior to every white school. By some measures, blacks have made greater educational and economic progress in recent years than some white ethnic groups.

The courts, in ordering massive busing, have cited social theories and assumptions that have come into serious question. Among those who believe the courts have erred grievously are such leading social scientists as James S. Coleman, the University of Chicago sociologist whose earlier studies were cited by the courts as justification for busing, and Nathan Glazer of Harvard.

Instead of promoting better race relations, compulsory busing has bitterly divided communities. It has set back race relations by creating new tensions, and has led to greater separation of races as middle-income whites have fled to other school districts or systems.

4. By seeking to promote special benefits for one group, the courts are penalizing other groups and creating understandable resentment and hostility. In the 1960s there was a clear consensus in this country that Jim Crow laws must be eliminated. This has been achieved, and immense gains have been made by blacks. But public support has declined sharply as the courts have gone far beyond constitutional requirements to the dubious use of statistical distributions as the test of discrimination.

Forced busing creates bitter opposition because it denies many families a cherished part of the American dream: the right to improve their lot, live in as desirable a neighborhood as they can afford, and send their children to good schools of their own choice where the parents can have a voice in how they are run. This is extremely important to people. It is one thing for children to be bused if that is obviously necessary to get them to the nearest school or to the school of their choice, but it is quite another thing if the purpose is simply to provide a racial mix.

Bitter resentment over this prospect is the most common element of the letters I receive on the subject. Many parents are also fearful that racial busing will expose their children to trouble. Their resentment is increased by the knowledge that many of the most ardent advocates of busing shelter their own children in private schools.

Despite intense opposition by whites and the absence of any strong black support, the courts have repeatedly ordered massive busing. Despite the Congress' opposition to the use of any sort of racial quotas, the courts have set statistical requirements for compliance with antidiscrimination laws.

Many judges seem convinced that all racial concentrations are the result of unlawful public actions and thus must be eradicated. In some instances, judges have even chastised black teachers and principals for wanting to devote themselves to the service of black youngsters in black schools. With almost missionary zeal, judges have felt duty bound to seek a perfectly random distribution of blacks and whites.

In the current judicial climate, it has become nearly impossible for local and state agencies to convince the courts, as they are required to do, that every action at every stage was free of any discriminatory intent.

It is especially unfortunate, it seems to me, that the courts have been unwilling to accept voluntary means of promoting a greater racial mix, summarily dismissing them as mere evasions. Many people believe that given a fair trial, "freedom of choice" plans, for example, would produce a greater mix. Here is what Nathan Glazer says:

"Freedom of Choice" was given a bad name in the South when it was instituted as the least demanding response to the requirement to dismantle dual school systems, and when it was often combined with intimidation of black parents and children. But there have been many legitimate efforts to use freedom-of-choice to create a large measure of integration.

"An examination of these efforts shows that, if they are administered effectively, substantial numbers of black parents will take advantage of them and that a greater measure of desegregation will be brought about

than through racially neutral neighborhood zoning. Whatever else the conclusion of the constitutional debate on busing, we should all be able to agree that we should move as far as possible toward an even racial distribution through measures that permit free choice before we impose compulsion."

In our own desegration case here in Delaware, the special three-judge court has an opportunity to exercise badly needed leadership on the bench by setting a new course in such cases. The easy course would be to ignore all alternatives but forced busing. The more difficult decision would be to break new ground.

The court could renounce the use of heavy-handed compulsion, which has generated so much turmoil and bitterness. It could instead provide the opportunity to test the effectiveness of more sensible alternatives, such as "freedom of choice."

Earlier this week in Boston, Prof. Coleman urged consideration of a program requiring suburban school systems to accept student volunteers from city schools, up to perhaps 15 per cent of the total student population. At the same time, he said, city schools should seek to attract suburban students by offering specialized educational programs. In addition, "magnet schools" could be established to provide classes in the arts or languages which would attract students, black and white alike, from throughout the whole county.

I believe such an approach would gain the widest possible support in our community. It would draw the community together instead of bitterly dividing it. With such a decision, the court could even start this country down the road to a truly color-blind society, while expanding the basic freedoms of all Americans, irrespective of race, color or creed.

THE MIRACLE OF A SEVERELY RETARDED CHILD

Mr. GARN. Mr. President, one of the most touching of all problems modern society is faced with is the problem of the retarded child. No one can be unmoved when faced with the struggles of these children to exist, or by the difficult decisions faced by their parents. The costs involved alone are enormous, and the emotional disruption caused by pressures to place such children in special training schools, which are often no more than maintenance facilities, is horrendous. These problems are at least partly behind the decisions some have taken to support abortions, although in my view that is a false answer to a very real problem.

The costs of maintaining retarded children are almost beyond belief to those of us who do not experience them directly. These costs have led most people to conclude that the State should undertake the care and maintenance of all retarded children. However, there are individuals who would like to maintain their children themselves, and who are in a financial position to do so. Nonetheless, our present tax laws make such efforts extremely difficult.

One such parent from the State of Utah is Dr. Blake Gammell, of Springville. Dr. Gammell has a retarded child of 8, for whom he has established a trust, the primary asset of which is the dental office where Dr. Gammell practices. Unfortunately, State and Federal taxes have in the past taken nearly 30 percent of the earnings of this trust, leaving too little to provide for the support of Dr. Gammell's son John. No administrative relief is possible, but with the dedication Dr. Gammell has for his son, he undertook to change the law.

In the case of the State of Utah, he has succeeded. The Utah State Legislature recently enacted legislation providing that when a trust is set up for the purpose of caring for a retarded child, its earnings are not taxable by the State.

At the Federal level, my colleague Senator Moss has introduced a similar bill, S. 1960, which I wholeheartedly support. Passage of this bill would encourage more parents to provide for the well-being of their own seriously retarded children, and would have enormous benefits both for the children and for the State. Institutional care for one child is estimated to cost over three-quarters of a million dollars over his lifetime; allowing parents to establish tax-free trusts for their retarded children would relieve the State of this burden.

And my personal belief is that the children would have a much better chance of growing and progressing if they were left with their parents where the parents have that desire and that capacity. As a testimony to that fact, I ask unanimous consent to have printed in the RECORD an account of the life of his son John written by Dr. Blake Gammell. It is truly a touching account of the wonders dedicated parents can work with their own children, children who might otherwise vegetate in maintenance facilities.

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

THE MIRACLE OF A SEVERELY RETARDED CHILD—THE STORY OF JOHN GAMMELL—8 YEARS OLD

(By Dr. Blake Gammell, April 1976)

This is the story of my son, John Gammell, eight years old. I am very proud of my son. Already, I feel that he has accomplished more and has been able to help and influence the lives of others more than I will ever be able to do. At first glance, this isn't such a different statement. All parents are proud of their children. John is different—he was born severely retarded. I would like to tell you about his life.

Three days after birth, in the middle of the night, our family physician and myself rushed John from the Payson Hospital to the Primary Children's Hospital in Salt Lake City. He was having seizures, was in a coma, and lost his ability to suck. For the next two weeks, he was critical. We did not know whether or not he would live. My brother-in-law, a pediatrician and a pediatric neurologist took excellent care of him.

How happy my family was to have the opportunity to care for one of God's children. This was especially true in my family because just six months before John's birth, we had a 16 year old son die of cancer of the bone. This son, Bill, fought this horrible disease for eight years. The last year and a half he was confined to his bed due to pathological fractures. During this time, it was necessary for him to lie on his back all the time.

John grew at a normal rate physically, but by the time he was 10 months old, we realized something was wrong with his mental development. Another horrible situation occurred in my family. Four months after John's birth my wife had surgery. Thirteen inches of her large colon was removed because of a malignant tumor.

The next two years were spent taking John to other doctors not only in our state, but to specialists in the surrounding states. We were trying to find a cause for his condition and see if there was anything we could do to help him.

When he was three years old, we finally had to come to the realization—John was severely retarded. And we could find no medical help for him.

At this time we had a complete recheck of all the tests done previously at the John F. Kennedy Research Center which is a part of the Medical School in Denver, Colorodo. This Center specializes in the diagnosis and treatment for retarded children.

When the results of these many tests were completed, the chief doctor of the Center had us come into his office for a consultation. He was so very compassionate with my wife and I, but had to tell us there was nothing medically that could be done for our child. Since he was an expert in this field, I asked him how much we could expect John to develop mentally. He took a long time to answer, but finally said, he thought John would have the capacity of a 6 month to a year old baby.

We left the center at 5 p.m. and drove all night, 550 miles, to our home in Springville, Utah. It was a horrible night for my wife and I. Hope for our child had finally been taken from us. Complete despair once again consumed our family.

In the weeks that followed, we realized John's hopeless condition. Let me try to describe his condition at three years of age: he could not sit except by putting pillows around him. He rarely cried—never from pain. I could pinch him real hard, and he would not show any response. He responded to nothing we would do to him. He would sit in his high chair, head down for hours. We wondered if he were deaf and blind. His arms were ankylosed. He was like a vegetable.

All the doctors, without exception, we had contacted suggested we put him in our state institution for the retarded at American Fork, Utah. We considered this very strongly. Finally, we took him to Dr. Jack Madsen, Medical Director for the Institution. He examined him at the University of Utah Medical School and concurred with the opinion of the other doctors. We contacted the Training School at American Fork and learned the procedure for admitting a child. At this point of great decision, it became very easy for us to stall. John was so very very helpless and needed us. Every time the subject of his commitment came up either my wife or I would find a reason to wait just a little while longer. Always in our mind was the statement from our doctors—that to have such a child in our home would not be fair to our other children. It would be impossible for them to live normal lives. We loved our other children and didn't want to subject them to any more unhappiness. It seemed to us, at this time, that something seriously wrong in our home was all they had known.

On one of our trips to the Primary Children's Hospital in Salt Lake, someone mentioned a psychologist in California was having some success working with children like John. It was Dr. Clara Lee Edgar at Pacific State Hospital in Pomona, California. I called her and described John to her asking if she would see him. She consented, and the next week we were in her office.

She examined John and, then, had an attendant take care of him while she took us to a ward in the hospital. She took us into several rooms where one lady was working with about 6–8 children. They were all walking and doing simple tasks that required different skills. We observed with great intensity. I asked if these children were like John. She said, "Yes, when I started the program three years ago." With great emotion I asked her if she thought

John had the ability to develop as far as these children had. Tension overpowered us. With a smile on her face she told us for certain she felt John had the same capabilities as these children. I wish I could explain the exaltation my wife and I felt. Finally, after so many years we heard news we so desperately craved to hear. It was as if the whole world had changed about us. Suddenly there was hope for this little child of God.

After we calmed down and were able to speak, we began to question her about what would have to be done. At this time the work she outlined for us was strange and seemed like an insurmountable task. We questioned if we had the ability. Dr. Edgar then suggested we may be able to move to California to become residents in order to commit him to the Pacific State Hospital.

At this time, the most wonderful thing that could happen was to have John be able to walk. I asked Dr. Edgar how long she thought this would take if we committed him to their hospital. She very quickly without hesitation said about a year and a half. At this time some of the joy of this moment began to disappear. We were back to the same feeling we had in the past. How could we desert this helpless child in his greatest hour of need.

We told Dr. Edgar we would think about it and let her know the next day. That night, we discussed our problem from every angle and tried to come up with the best solution.

The following day, we asked her if she thought we could do it ourselves. She told us she didn't know because we were not familiar with her work and it was so very time consuming. The children at the hospital were worked with by three different people during all their waking hours.

We told her we would like to try, but if we failed we would move to California. She outlined the things we should start doing. She also insisted we contact Mrs. Clara Chaney in Colorado upon our return home.

Here, I think I should tell you something about this wonderful person, Dr. Clara Lee Edgar, and how she is able to perform miracles with these children.

Dr. Newell C. Kephart spent most of his adult life as a professor at Purdue University. He was a genius and pioneer in his field—the learning disabled child or the slower learner in our public schools. He was an authority on the diagnosis and treatment of these children. He has written many books on this subject, his books are used in many universities in the training of school teachers. Dr. Edgar was a student of his. And, upon graduation from Purdue, she was employed at Pacific State Hospital. Her task was working with the retarded. Being a very intelligent person, she decided she would like to try some of Dr. Kephart's theories on the profoundly and severely retarded. She adapted his ideas and procedures, working very hard to put a program together. She convinced people of the worth of her program and was able to receive some government grants. She trained personnel, faced many problems, tried new things, and achieved some unbelievable results. Her work is called, "Sensory Motor Training." A child must be able to learn to move in order to move to learn as Dr. Kephart has said.

To observe this work, I would simply say it is structured play. She teaches the student to do everything a normal child does. The big difference is in order for a retarded child to master a skill, the child has to do it hundreds of times; where the normal child develops the skills after only a few learning experiences. However, the important thing is—all children regardless of ability can achieve their potential, if exposed to the learning experience in the proper way.

When Dr. Edgar learned of our decision, I think she was concerned. I'm sure she wondered if we had the ability and determination to do the job. Also, I think she wondered if she would have the time to instruct us. However, like that old saying, "Fools rush in where angels fear to tread," we started on our endeavor.

Dr. Kephart had retired from teaching and returned to Colorado to do writing and continue his research in learning disabilities. Dr. Edgar called him and asked if he would see John. As soon as we returned home, we drove to Colorado and spent three days with Dr. Kephart. Mrs. Clara Chaney, Dr. Kephart's lifelong secretary and co-author of several books worked with us and John.

Upon our arrival home, I called Dean Jones who had just been made Asst. Superintendent of the Training School at American Fork. He showed great interest in our experiences in California and Colorado and came to our home and spent several hours discussing their programs with us. How surprised I was when I walked with him to his car to find he had left his engine running for about three hours.

During the next year, we went back to California several times for help. Dean Jones flew down to see first hand what Dr. Edgar was doing. He was very impressed and convinced the administration at the Training School they should start a program like hers. A young employee, Jim Jex, was put in charge of the new program with about 10 children to begin with. He flew down to Pomona to see Dr. Edgar's program and learn how to begin.

In my discussions with Mr. Jones, we felt it of great importance to get Dr. Edgar and some of her staff to come to Utah and give a workshop. Due to prior approval of the merit of this program, and because it was necessary to get state funds appropriated it was 1 year and 2 months before Dr. Edgar came to Utah for a workshop.

Educators in the field of retardation from all over the State were in attendance at the workshop. We had been working with John for over a year. He had made some improvement and we were thrilled. But, to the people in this field, I'm sure they felt he was a hopeless case. Dr. Edgar used him to demonstrate many of her methods.

For the next year, my wife took John to the Training School in American Fork. She faithfully went every day carrying John and the many things she needed to work with him. John was a big boy now, and it was all she could possibly do to carry him. By this time, John had learned to crawl, but not in the correct way. This achievement thrilled us, but Dr. Edgar informed us all his future development would depend on his learning to crawl correctly. My wife and Mr. Jex spent months working with him and were about ready to give us when, finally he began to crawl in the correct pattern. After John began to crawl, it was only 2 or 3 months before he began to walk. He was 4½ years old.

Everyone who knew John was thrilled to see and hear of his development. He had shown by example the severely retarded could learn to walk. I was the proudest father you can imagine. He became my constant companion when I was not working in my office. What a joy it was to see him begin to develop a personality and show an interest in life.

Interest at the training school increased. Dr. Edgar and some of her staff came up more often. More of the Training School personnel were sent to Pomona for training. The School increased its knowledge and ability, and as they did so, they realized how much more there was to learn. Finally, the decision was made to hire the most knowledgeable person in this field they could get, Mrs. Betty Kessterson, Dr. Edgar's right hand during the many years of her experimental program. She started last November, 1975. Dr. Edgar is committed to the State of California and is doing a terrific job training all the technicians she can on a workshop basis.

Mrs. Kessterson and the administration at the Training School now have a positive direction in where they are going and what they are going to achieve. Last month, a man with a great deal of experience and terrific ability came to the School from Fairview State Hospital in California on a special assignment to diagnose, put into groups according to their ability, and outline how these older residents should be started on a learning program. These people I am talking about number about 150 who without this help would be destined to spend the rest of their lives in a stainless steel crib. How grateful I am for the wonderful things our own School is now doing, because this is the ward my son would be in if he had been committed. The people who work there are very special people. They work so hard to achieve so little from their efforts. It would discourage most people.

With John's ability to walk, a whole new world was opened for him. As proud parents, we started to look around for a school for him so he could not only improve his motor skills, but also his learning in other areas as well as his social skills. He loves and enjoys being with other people.

After he was able to locomote, we approached the Communicative Disability Dept. at the B.Y.U. They were working with many younger, pre-school age children in communication and speech development. We were told John did not have the ability to fit into their program. We next learned of the B.Y.U. Demonstration School on the lower campus of the B.Y.U. This school is operated by the Nebo School District and Provo District in conjunction with the B.Y.U. About 55 students from the two districts make up the student body. They range in age from 5 to 21 and are divided into 5 classrooms. The teachers and principal of this school are very skilled people. They have the duty not only to teach the children, but also, to train teachers studying at the B.Y.U. These teachers are the hope of the retarded in the future.

My wife and I approached this school to see if they would accept John. Because of his limited motor ability and understanding, we could tell they were real reluctant and hesitant. Finally, a very special person, Mrs. Barbara Merrell, consented to accept him on a six week trial basis during the summer school session. Now, two other wonderful people entered John's life—Mrs. Barbara Merrell and Mrs. Helen Wilkie, teacher aide for Mrs. Merrell.

My wife cried many times during those six weeks. She could see that John was performing on a much lower level than the other children. We both felt perhaps we were being cruel to expect so much from him. Not only did these two wonderful women work with him intensively, but something very unexpected occurred. Help came from a source we didn't think of—the other retarded children in the school sensed John's helplessness and aided him in every one of his endeavors. As time has passed, this help from the other students has continued, Mrs. Merrell has had to pin a note on John saying "Don't help me" in order for him to do the things for himself. John showed some progress, so the school decided to accept him on a full time basis.

Mrs. Merrill, Mrs. Wilkie, B.Y.U. student teachers, his fellow students, and Dr. Glen Thomas, the school principal, have all been wonderful to help in the development of this special son of mine. Recently, Mrs. Merrell paid him a very special compliment. She said John was developing as fast as any student in his class.

How thankful my family is to have been privileged to have God lead us to the many people I have spoken about. Especially his adorable mother. She has worked with him thousands of hours and has showed determination that only a mother is capable of.

God has been kind to spare her in order to help him achieve so he could show others the way to follow. Without their help John would have been nothing and lived a miserable, frustrating existence.

Yes, we have been blessed to have been able to experience one of God's miracles here on earth.

Now, I would like to talk about a problem that has developed because of our decision not to commit John to the State Training School. My wife and I are 51 years old, we realize we are quickly approaching the later part of our lives. We feel as long as we live John can be taken care of in our home, but a tremendous worry is shared by both of us concerning his care after we are gone.

To help solve this problem we have created a Trust. To give this trust assets, we have given a two unit dental office where I practice. I had planned to use this asset for my own retirement, but somehow things change in one's life. I began to pay rent again in John's building.

As the years have gone by, I am amazed at the taxes this Trust has to pay. For example: in 1974 the taxable income from the Trust was $3,500.00, Utah State taxes were $128.00, Federal taxes $608.00 and property taxes were $336.00. Nearly 30 percent of the income from this Trust is paid out every year in taxes. This fact disturbed me, and I knew that, against such odds, I could not succeed in my goal. We want to take care of John as long as he lives.

I called the Internal Revenue Service, and they kindly explained the only way to change this is to get new laws passed.

Having no experience in this field, I didn't even know exactly how laws were created and passed. I went to an attorney and explained my desire. He looked at me and advised that in his opinion it would be impossible for one man to get a law through the State Legislature.

One of my philosophies has been: "The only real failure in life is the person who quits trying." With this determination, I approached the State Legislature when it began its 1975 session.

A bill was written. Senator Ernest Dean sponsored the bill. He and his good secretary, Mrs. Goates, patiently explained the long procedure. They also gave encouragement. Mrs. Elaine Sharpe helped with endless hours of explaining the importance of such a bill. My wife and I spent every Wednesday and every spare moment for the next 2½ months explaining our problem to these dedicated men. It is hard to realize the pressure these men work under. Somehow most of them found the time to listen. They were convinced of the merit of this bill and it is now a law in the State of Utah. Senate Bill 304 states when a Trust is set up to provide care for a retarded person, the money it creates is not taxed by the State.

We pay taxes on the money that goes into this Trust. Now isn't it right for the recipient, who will never be able to support himself, not to have to pay taxes on this income? With this law, many retarded people will be able to live with dignity and not be forced to ask for State or Federal aid. I, also, feel this bill will encourage more people to keep their children at home—saving the taxpayer a large sum of money each year.

The next thing we did was to make appointments with Senator Ted Moss, Senator Jake Garn, Rep. Gunn McKay and Rep. Alan Howe. Without exception all of these men said they would do all they could to get a bill through the United States Congress.

On June 17, 1975 S. 1960 was introduced in the United States Senate. It was sponsored by Senator Moss and Senator Hubert Humphrey and co-sponsored by Senator Jake Garn and many others.

On September 19, 1975 a similar bill H.R. 9736 was introduced into the House of Representatives by Rep. McKay, Rep. Howe, Rep. Santini, and Rep. Evans of Colorado.

I wish I could explain how proud I am of this great country of ours and the constitution that guides it. Where else on earth would the needs of a little helpless boy way out in a small town in Utah be considered by leaders who have the great task of governing this Nation?

Since these bills were introduced, one was sent to the Ways and Means Committee and the other has been sent to the Finance Committee. I have written letters and all four of our Utah delegation to Washington have tried to get these bills out of committee. Now, I am becoming fearful these bills will die in committee. Even though I do not have the time to go back to Washington due to making a living and working on other projects for the retarded, I feel I must. This I know, if I can get those hundreds of men to listen to the plight of John Gammell and the thousands like him, I feel confident they will find time in their busy schedule to pass the needed legislation.

Many times I have tried to completely comprehend the complex problem a retarded citizen experiences. Try as I may I cannot fully understand the problems they face here on earth. They are truly the most helpless people on earth. They are the only segment of our society who cannot express in words the horrible existence many of them experience while here on earth.

I pray that many more men, women, and nations will continue to work for the benefit of these helpless people.

THE GOVERNMENT ECONOMY AND SPENDING REFORM ACT OF 1976

Mr. WEICKER. Mr. President, I am pleased to join with Senators MUSKIE and ROTH in cosponsoring S. 2925, the Government Economy and Spending Reform Act of 1976. This bill would establish a 4-year cycle for the review and evaluation of Federal programs by Congress and the executive branch with the help of the Government Accounting Office and the Congressional Budget Office.

Through S. 2925, the Congress and the executive branch will be charged with conducting a zero base budget review of all Federal programs instead of the hodgepodge, limited, budget review that exists now. Zero base review is a new budgeting technique which will require all Federal programs to justify their existence before they are reauthorized. Such a review will require the identification of costs and objectives of programs and evaluations of the effectiveness of these programs. Furthermore, S. 2925 will establish a procedure for eliminating inactive and overlapping Federal programs. Clearly, zero base review will be a large step toward bringing Government accountability back to the people.

It is my belief that in the year 1976, America has reached the watershed of an era. The 1960's gave the United States some of the most innovative, technological, and compassionate human service programs of the century. If we are to continue and extend these programs, we are going to have to do some house cleaning. For example, there are presently close to a thousand Federal domestic assistance programs. The duplicative efforts and the mismanagement of some domestic programs serve not only to hurt the taxpayer but, more importantly, the recipients of the program benefits. Efficient use of overhead costs could be used to reach more program recipients. So instead of throwing the baby out with the bath water, let us, the legislative and executive branches of this Government, begin to exercise more effective and efficient oversight of Federal programs.

I do not think it will come as a surprise to any politician in 1976, that the American people are disenchanted with the workings of their Government. A recent Harris poll showed that 72 percent of the public feels that they do not get good value from their tax dollars. That statistic is a clear message from the heartland to Washington "to clean up its act." I believe that S. 2925 will be the beginning of that ong road back from public dissatisfaction and lack of confidence with the new dirty word "Washington." This legislation seeks to achieve what every government should strive for—effective and efficient use of the taxpayers' money.

AN ALL-AMERICAN CITY

Mr. PERCY. Mr. President, the most significant thing to come out of the American Revolution in terms of continuing impact on the American experience was the enunciation of the doctrine of human equality. The idea that all human beings are created equal means that they are equal not by decree of the Government, nor even by membership in the body politic, but simply by virtue of being born.

We can be proud that this discovery of the doctrine of human equality was uniquely American. No other nation had ever been founded on such a principle, and the application of this doctrine of equality has been the essence of our history.

The Revolutionary generation did not work out the full implications of this doctrine, nor have we worked them out fully to this day. However, we are trying, and as long as we continue to try, the values of the Revolution will live.

One city, Oak Park, Ill., is a prime example of a community which is united in its effort to make the doctrine of human equality a reality for its citizens. It was recently recognized by the National Municipal League as an All-American City for 1975–76.

One of the many initiatives which has helped Oak Park to achieve this goal is the Oak Park Housing Center, which provides a list of housing to prospective residents as a way of integrating the community in an orderly fashion.

An editorial which appeared in the Chicago Daily News on April 16, 1976, said that—

> The agency has proved that Oak Park can maintain racial diversity without the trying confrontations so characteristic of other changing communities.

Mr. President, I am very encouraged by the progress being made in this community to make the precept of human equality a timeless truth. It is my hope that the many achievements of Oak Park will be held up as exampes for other communities to follow.

I ask unanimous consent that the full context of the editorial on Oak Park be printed in the RECORD.

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

OAK PARK GETS ITS DUE

Oak Parkers, always thought their city was a grand place to live. They even advertise in Chicago-area publications to attract new residents. So it comes as no surprise that the National Municipal League recognized Oak Park as an All-American City for 1975–76.

The recognition is particularly gratifying as an endorsement of Oak Park's effort to preserve the racial diversity and cosmopolitan atmosphere in the suburb. It wasn't too long ago that many expected Oak Park to become nothing more than an extension of Chicago's West Side ghetto.

Oak Parkers responded to that problem with a variety of projects, and one of the most important has been the private Oak Park Housing Center. The agency maintains a list of housing and makes it available to prospective home buyers in an effort to integrate Oak Park in an orderly, stable manner. The agency has proved that Oak Park can maintain racial diversity without the trying confrontations so characteristic of other changing communities.

A new downtown mall has done much to vitalize business and has become a bonafide focal point for citizen recreation and gatherings. A recent plan for school integration, developed with the broadest possible community participation, holds promise for addressing educational problems before they reach crisis proportions.

Chicago-area people have always known that Oak Park is an All-American city, and not the only one around here, either. Still it is nice to have the word spread by Oak Park's latest honor.

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. If there be no further morning business, morning business is closed.

GRAIN INSPECTION REFORM ACT OF 1976

The ACTING PRESIDENT pro tempore. Under the previous order, the hour of 1 p.m. having arrived, the Senate will now resume consideration of the unfinished business, S. 3055, which the clerk will state.

The assistant legislative clerk read as follows:

A bill (S. 3055) to provide for United States standards and a national inspection system for grain, and for other purposes.

The PRESIDING OFFICER. Time for debate on this bill is limited to 3 hours to be equally divided and controlled by the Senator from Minnesota (Mr. HUMPHREY) and the Senator from Kansas (Mr. DOLE); that there is a time limitation of 1 hour on any debatable motion, appeal or amendment; and a time limitation of 20 minutes on any point of order which is submitted on which the Chair entertains debate.

Mr. FANNIN. Mr. President, I ask unanimous consent that Kathryne Bruner of my staff be accorded the privilege of the floor during the debate and consideration of S. 3055.

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

Mr. DOLE. Mr. President, I ask unanimous consent that during the debate on S. 3055 Mr. Bill Taggart, Mr. Roy Frederick, and Mr. Claude Alexander, members of the committee staff and of my staff, be permitted access to the floor.

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

Mr. BELLMON. Mr. President, I ask unanimous consent that Mr. Doug Jackson of my staff be permitted access to the floor during the debate on the bill under consideration.

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

Mr. ROBERT C. BYRD. Mr. President, I ask that time on a quorum call which I shall suggest not be charged against either side.

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

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

CONCURRENT RESOLUTION REQUESTING THE RETURN OF H.R. 8235 AND DIRECTING ITS REENROLLMENT — HOUSE CONCURRENT RESOLUTION 618

Mr. ROBERT C. BYRD. Mr. President, I yield myself 1 minute on behalf of Mr. HUMPHREY.

I ask that the Chair lay before the Senate a message from the House of Representatives on House Concurrent Resolution 618. It is my understanding that in the enrollment of H.R. 8235 title III of the bill was left out. I therefore present a concurrent resolution and ask for its immediate consideration so that this error may be corrected.

The PRESIDING OFFICER. The resolution will be stated.

The assistant legislative clerk read as follows:

House Concurrent Resolution 618 requesting the return of H.R. 8235 and directing its reenrollment.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its immediate consideration.

The question is on agreeing to the resolution.

The resolution (H. Con. Res. 618) was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum and I ask that the time be charged equally to both sides on the bill.

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

The assistant legislative clerk proceeded to call the roll.

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

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

GRAIN INSPECTION REFORM ACT OF 1976

The Senate continued with the consideration of the bill (S. 3055) to provide for U.S. standards and a national inspection system for grain, and for other purposes.

Mr. CLARK. Mr. President, I ask unanimous consent that Andrew Loewi and William Motes of my staff be granted privilege of the floor during the consideration of the pending measure.

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

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

Mr. ROBERT C. BYRD. With the time to be equally charged against both sides.

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

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. LEAHY. Mr. President, I ask unanimous consent that Mary Sullivan and Herbert Jolovitz of my staff be granted privilege of the floor during any votes or debate on the grain bill this afternoon.

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

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

The PRESIDING OFFICER. With the time to be equally charged to either side, without objection, it is so ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the following staff members of the Committee on Agriculture and Forestry and Nelson Denlinger, of my staff, be granted privilege of the floor during consideration of S. 3055, including all rollcall votes thereon: Michael R. McLeod, Carl P. Rose, Henry J. Casso, James C. Webster, William A. Taggart Roy Frederick, Phillip L. Fraas, and Steven E. Storch.

Also, Mr. President, I ask unanimous consent that Mr. Bert L. Williams and Hugh Williamson of the General Accounting Office be granted privilege of the floor during consideration of S. 3055, including all rollcall votes thereon.

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

Mr. HUMPHREY. Mr. President, so as to expedite our consideration here today of the legislation before us, I ask unanimous consent that the amendment of the Committee on Agriculture and Forestry to S. 3055 be agreed to and the bill as thus amended be considered as original text for the purpose of further amendment.

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

(The amendment is printed in the RECORD of April 14, 1976, at page 10934.)

Mr. HUMPHREY. Mr. President, it is my privilege to handle the proposed legislation, as floor manager of the bill, to reform the U.S. Grain Standards Act as reported by the Senate Committee on Agriculture and Forestry. In May of last

year, I requested that the Committee on Agriculture and Forestry conduct a thorough investigation of the grain inspection scandal. It was at that time that reports and allegations were beginning to surface of massive irregularities in export grain shipments from the United States, of serious shortcomings in the existing national system of official inspection with respect to those shipments, and of customer dissatisfaction overseas with the quality of American export grain.

I was extremely concerned then, as I am now, about any loss of world confidence in the quality of our grain exports or the integrity of our grain inspection and grade certification procedures. Either of these could have a disastrous effect on the ability of American farmers to market their crops, and on the prices they receive.

Also, grain exports are crucial to the maintenance of a healthy economy for all the people of the United States. During fiscal year 1975, the United States exported $21.6 billion worth of agricultural products, with a net balance of trade surplus for such products of $12 billion. Grain played a major role in reaching that favorable balance, as $12.5 billion of the agricultural export total was in grain.

Since last May, the initial reports and allegations of wrongdoing have been substantiated in the criminal courts—over and over again.

There have been over 38 indictments returned primarily in the gulf area involving, at last count, over 60 persons, including three of the world's largest grain firms. One of the indictments against a grain firm involved not only its gulf operations, but its Kansas City and St. Louis officers as well.

All but one of these many persons have been found or have pled nolo contendere; and investigative efforts are continuing on other significant cases.

These indictments cover a wide range of crimes and fraudulent schemes. Boiled down to their essentials, however, they all involved either massive thefts of grain, repeated and routine violations of the provisions of the U.S. Grain Standards Act, or, most critical, the corruption of licensed grain inspectors. Some cases involved all three.

These indictments and convictions by themselves serve as a powerful argument for the need for reform of our grain inspection system. But, the story is probably not yet complete, and there will likely be even further cases arising in the courts after investigation by the appropriate Government offices.

Much time is necessary to develop the types of criminal cases involved in these indictments because they involve complex schemes, difficult to prove. In fact, the investigative efforts necessary to bring about the New Orleans indictments and prosecutions have been underway for 2 years. The committee has learned there are investigative efforts now underway in several other locations in the country but they are just in the preliminary stages, So, no one can say with certainty at this point that the criminal cases are behind us, or are restricted to only one area or one group of grain inspectors. Only with time will we learn the full magnitude of corruption within the grain inspection system.

Also, it is important to note that all these indictments involve criminal cases, which, for a verdict of guilty, require proof beyond a reasonable doubt. We know that the authorities have just started to turn their attention to the civil cases arising out of the already proven corruption. Civil cases do not involve such a difficult burden of proof as criminal cases. So, if these civil damage cases are pursued and liability proven, they could very well produce additional results in the form of recovery of millions of dollars that the U.S. Government may have been defrauded of in its subsidy and food-for-peace programs.

As to the existence of customer dissatisfaction, the General Accounting Office interviewed 68 regular buyers of substantial amounts of American grain in nine foreign countries last year.

Let me digress to say that, as chairman of the subcommittee, in cooperation with the distinguished ranking minority member, the Senator from Kansas (Mr. DOLE) and Chairman FOLEY of the House Agriculture Committee, we called upon the General Accounting Office to make a thorough investigation for the committee. We also called upon the Federal Bureau of Investigation to assign some of its best investigators.

We also called upon the Inspection Division of the Department of Agriculture to step up its investigative activities. We provided our subcommittee with additional staff in the form of investigators and legal counsel so that a broad-scale investigation was undertaken by several agencies of government: The General Accounting Office, the Federal Bureau of Investigation, the U.S. district attorney's office in the Justice Department, the Department of Agriculture Inspection Service, and the Senate Committee on Agriculture and Forestry through its own investigative personnel and legal counsel.

I want to pay special tribute to the distinguished Senator from Iowa (Mr. CLARK) for his vigilance, for his perseverance, for his investigation, and for his attention to every detail in this matter that is before us.

The GAO found that 53, or 78 percent, of the 68 foreign buyers had experienced problems with many U.S. grain shipments. The GAO concluded, based on these interviews, that purchases of grain from the United States have been reduced as a result of problems with inferior quality grain and short weights. A few buyers said they had stopped buying U.S. grain altogether. Some said they had shifted their purchases of soybean and corn to Brazil; wheat to Canada; and corn to Argentina, France, and South Africa. Import statistics furnished to the GAO for one country showed a trend toward procuring grain from other countries. Some buyers said they would stop buying U.S. grain if supplies were available elsewhere.

This kind of a record, Mr. President, spells trouble for the American farmer. That farmer produces a quality product. That product should be quality when it is sold, shipped, and delivered.

We are not talking just about whether a grain inspector of the Federal Government was doing his job. We are not even talking about the types of activities in which some of the companies were engaged. We are talking about what has happened to the American farmer who depends upon export markets in an ever-increasing degree. That farmer today is being penalized because, first of all, the Department of Agriculture did not do its job. I charge here they have been negligent of doing their job of inspection under the Grain Standards Act. Only recently have they shown any enthusiasm at all, and within the past week apparently some renewed enthusiasm for the job as we get ready to debate this measure. As in the instance of the food stamp plan when we had legislation coming up to revise the food stamp program, immediately the President issues a set of regulations which are supposed to supersede anything we can do.

Mr. President, this is an old game and some of us who have been around here a long time have seen it played before. All I am saying is that the renewed activity on the part of the Department of Agriculture this past week with the assignment of new inspectors does not in any way diminish the need for corrective legislation.

I would also note, when the Department testified before us when we were complaining that they had refused to hire inspectors even though this Senate under the instigation of Senator TALMADGE and myself insisted upon $5 million more money for that division, what was the response from the Department of Agriculture? They said it took time to train these inspectors; that they could not do it in less than a year. They apparently found out recently that there were some instant training programs. And just as we get ready to debate this measure an effort is being made now to prove to the public that a whole new breath of fresh air has come into the grain inspection service and there is really no need for basic reform.

I intend to prove today that as commendable as these measures are on the part of the Department of Agriculture to activate its inspection system, to improve that system, to add additional inspectors, all of which we have asked for, all of which we have been pleading for, is not sufficient. What is needed are basic changes in the law, and then we need to hold the departmental officials, who are in charge of these particular activities, responsible for the full enforcement of that law.

American farmers grow and ship high quality grain from the rural counties throughout America. Yet, it is now evident that the quality of much of that grain is being lessened as it moves through the merchandising chain to the ultimate consumer. Shortcomings in the existing grain inspection system are, I believe, a large part of the explanation of how such dilution of quality can occur. Unscrupulous practices will occur in any industry, trade, profession, and under

any set of laws. I believe that the grain trade does not differ substantially from any other type of business and is composed primarily of honest and law-abiding businessmen.

I think it should be clear that with all of the problems that we have discovered with the violations of law that have been revealed that with the tremendous volume of shipments of grain from this country, most of the activities, by far the largest portion of the activities, our grain business has been legitimate and above board and within the law. However, the existing laws are simply not strong enough to hold in check those few who want to make a fast buck to the detriment of the American farmer and might I say to the injury of the American business system.

It would seem that, on the contrary, the present law encourages the proliferation of shady practices in the industry.

The Subcommittee on Foreign Agricultural Policy, which I am privileged to chair, and the Subcommittee on Agricultural Production, Marketing and Stabilization of Prices, chaired by the senior Senator from Kentucky (Mr. HUDDLESTON), immediately began last June a thorough investigation to determine the extent of these problems for the committee. The investigative activity we instituted has been prodigious and thorough. I have already indicated what we have tried to do in terms of adding investigative personnel.

We have held 10 days of hearings and heard many witnesses representing all points of view. The staff has interviewed hundreds of people and examined official inspection operations across the country and in Canada. We have been thoroughly briefed on the extent of the criminal activities in the gulf area by the men who have led the investigation down there from its inception. We have heard detailed testimony from several of the convicted criminals and others who actually witnessed the criminal activity, relating to the pervasiveness of the corruption.

As we began looking into the problems last year, we quickly realized that our task would be most difficult and would tax the resources of the committee staff to the limit. Therefore, I, as I indicated, along with Congressman THOMAS FOLEY, chairman of the Committee on Agriculture of the House of Representatives, requested last June that the General Accounting Office assist us in our investigation.

They responded admirably and made this assignment a top priority. They committed over 40 agents to the investigation and in February submitted a 118 page detailed "Report on Irregularities in the Marketing of Grain."

This report confirmed what we had been hearing from other witnesses who testified. The very first sentence in the report started out by stating:

> Serious problems exist in the national grain inspection system authorized by the U.S. Grain Standards Act.

A little further in the opening "Digest"—reprinted on page 12 of the report on S. 3055 we have before us—the GAO went on to say—

> Weaknesses in the national inspection system have led to criminal abuses * * *

And, further—

> Action is needed to restore credibility in the system * * * fundamental changes are required * * *

Then, they went on to lay out their recommendations for reform based on their exhaustive study. I believe their conclusions are essentially soundly based, and in fact most of them in the committee have incorporated many of their recommendations in S. 3055, as it is reported from the Senate committee.

Many have objected to the GAO's recommendation for an essentially all-Federal inspection system for the whole country which would include approximately 25 of the largest major inland terminal areas within a Federal inspection system as well as the export areas; although almost no one would quarrel with the need for some sort of Federal inspection system of export elevators.

I point out that GAO found that there were serious problems at these major inland areas that impelled them to make that recommendation. The GAO found that country elevator operators expressed extensive dissatisfaction with destination grades and weights assigned by terminal elevators. The GAO found that there was an unacceptably high percentage of inaccurate grading of grain and wasteful duplicative and multiple inspections occurring at the major inland terminal elevators. But, more importantly, the GAO emphasized that actual and potential conflicts of interest exist inland as well as at export elevators.

Also, many people have expressed skepticism about the figures the GAO found on error rates, arguing that these figures are misleading. In this regard, I note that, according to GAO, the Department of Agriculture did not gloss over or ignore these error rates, rather they found them "highly significant" rates of error.

It is true that the precise grading of grain is at best very, very difficult. However, we should pursue that line of reasoning. If grading were an easy thing to do maybe we could live with a second-class inspection system, such as the one we have today which, by the way, is loaded with conflict of interest: Inspectors are employees of boards of trade, inspectors are directly related to the very companies and businesses that are being inspected, State inspection agencies are less than adequate, but primarily as to the private inspection system, some of which are good, most of which are inadequate.

So I repeat, if the precise grading of grain is at best difficult, then indeed we need the best of inspection.

Along with the investigative work performed by our committee and the GAO study that we requested, I also introduced very early in our investigation, an emergency resolution in the Senate (S.J. Res. 88) which was to serve as a stopgap temporary shoring up of the present system while Congress examined more clearly the extent and nature of the problems in the system. This emergency legislation, Senate Joint Resolution 88, took a twofold approach:

First, it made certain permanent changes in existing law to protect Federal grain inspectors, made the bribery of an inspector a felony, and increased the penalties for violations of the Grain Standards Act.

Second, it provided 1-year emergency authorities for the Secretary of Agriculture to take certain steps to strengthen the grain inspection system in the Department of Agriculture.

This resolution which I had introduced, with several amendments, was reported favorably in the Senate on September 23, 1975, and was passed by the Senate on September 25, 1975. It was referred to the House Committee on Agriculture which has taken no favorable action on it.

The fact that this resolution has not been adopted—that we have not been given, in effect, any breathing space—means that now we must act decisively after considering the merits of the bill before us.

We were more successful last year, with regards to appropriations legislation. In September, Congress passed and the President approved a budget measure which gave the Department of Agriculture a supplemental appropriation of $5 million for fiscal year 1976 to spend on increasing Federal supervision of the grain inspection system.

I might add that was not requested by the administration despite the flagrant abuse of the grain inspection system. That $5 million supplemental appropriation was initiated by the Senator from Georgia (Mr. TALMADGE) and myself as a result of what we had discovered which surely was obvious to the Department of Agriculture as well.

The Department has used these funds to hire over 200 more inspectors which are just now beginning their work.

In working on permanent legislation, the subcommittees had several good bills to consider. Five bills for permanent reform were introduced by members of the subcommittees, and represented a wide range of approaches.

We reviewed the provisions of each of those bills, point by point, in subcommittee markup. The consensus of the subcommitees at that markup was to accept S. 3055 with several amendments embodying some of the concepts contained in the other bills, and several new amendments. At committee markup, debate centered on issues which will likely be discussed here today. Several amendments offered by Senator DOLE were adopted which I believe improve the bill, and the committee voted to favorably report the bill as amended.

Thus, are we here today to consider passage of S. 3055. The committee has studied the problem long and hard, and we have obtained the best information available on the needs of farmers and their customers who depend on the continued viability of the American grain marketing system. All our work, in every instance, has led us, I believe, to the same conclusions: First, the problems are inherent in the system; second, they are real, are dangerous, and will not go away; and third, what is needed is nothing less than, as the GAO put it, "fundamental changes."

At this point, I note that the Department of Agriculture's position today is that S. 3055 goes too far, that the sort of bill that passed the House of Representatives calling for a Federal/State/private "mix" of grain inspection services, is more suited to the needs of the grain marketing system. Frankly, I do not think the House bill goes far enough, although it does incorporate many of the provisions contained in Senate Journal Resolution 88.

But, the point I make is this: Six months ago, the Department was then taking the position that even the weaker provisions, such as the House recently adopted, would have been much too much, an overreaction to the problem. The testimony reveals the accuracy of that statement. They also took that position on Senate Journal Resolution 88.

In other words, with widespread scandal that was obvious to the most casual observer, the Department said:

Don't be in a hurry. Don't panic. Let's not do too much. Just hold on.

In other words, in every step we took, they said it is unnecessary. And before that, long before the grain scandal first became public, but long after the Department became aware or should have become aware of the existence of serious problems and large-scale corruption, the Department did not apparently believe that the situation was serious enough to come to the Congress with either proposals for remedial legislation or supplemental funds to attack the problem. In fact, the Department has in recent years—during the time that the problem was becoming more and more ominous—requested less and less money and people per bushel of grain inspected, to supervise the grain inspection system.

That is what they call economy—costing the American taxpayer hundreds of millions of dollars in lost exports, bringing doubt upon the integrity of our grain export system, losing customers; and all the time these investigations were underway, the Department says it knew about the investigations, but it did little or nothing to upgrade its inspection to ask for fewer people. They asked for 12 fewer inspectors than they had in the previous year. In short, although the Department is now belatedly recognizing the existence of a problem, I submit that their track record clearly shows that in every instance their response has always been two or three steps behind the facts and behind the Congress.

S. 3055 is a strong bill. It makes the fundamental changes in the present system that the GAO recommended. Those are changes which testimony indicated were necessary.

The major changes it makes in the U.S. Grain Standards Act relate to: first, increased Federal authority and responsibility; second, increased civil and criminal penalties; third, required registration of grain dealers; and fourth, studies and reports.

It also goes not only to the matter of grain standards and inspection but also weighing, because we have discovered a pattern of short weights. In other words, people buy a certain amount and receive less. A despicable pattern of activity of that kind has now been brought to the surface.

As to the first point: Why should we want increased Federal authority and responsibility? Why should the Federal Government get so deeply involved in the inspection process in the ways I have enumerated in S. 3055?

Grain inspection requires a national system, uniformity, a national direction, and a national responsibility. Since it is the U.S. Government that will be certifying to foreign customers that lots of grain are of the quality called for in contracts, export inspection should be performed by the Federal Government.

Further, of key importance in understanding the approach adopted in S. 3055 is to realize that with the current system there are 110 separate, unrelated, and relatively independent official inspection agencies that provide all inspection, at 183 designated inspection points. They also supposedly operate under the Grain Standards Act; but when we look at the pattern, they apparently cannot read the same language.

This makes administering and enforceing present law and regulating the activities of agencies most difficult, if not impossible. In addition, under the present system, these agencies operate almost totally without control by the Department of Agriculture.

The following problems with the present system, which were pointed out in the GAO report, give an indication of some of the weaknesses that flow from diversity and lack of control.

First. Independent agencies are generally unwilling to cooperate fully with the Department of Agriculture in the administration of the system and often have resentment toward Federal supervision. The documentation and the testimony reveal that.

Second. Some independent agencies tend to circumvent or compromise prescribed procedures and regulations as quickly as the Department writes them or prescribes them.

Third. It is impractical for the Department to provide centralized training for inspection personnel working for the agencies.

Fourth. Agencies are unable or do not choose to provide extensive rotation of personnel.

Fifth. There are indications that shipments to major inland and export elevators from rural or smaller elevators are graded and weighed discriminatorily against these shippers, who are not present to witness the activity.

Sixth. There are wasteful duplication and multiple inspections.

Seventh. The Department has not been able to prevent easy circumvention by elevators of controls designed to insure honest and accurate grain inspection.

Eighth. The fault throughout the system is in the development of intimate relationships and mutuality of interest between grain companies and the inspection agencies. Thus, many inspection personnel feel that their loyalty is to the grain company they are supposed to be supervising and not to the United States.

Also, as to weighing, right now there is essentially no Federal standard, authority, or regulation for the weighing of grain. We have a complex system that is known worldwide for determining the quality of grain; yet, we have no system that applies to determining the quantity of grain.

Under the current system, the grain is weighed in many instances by grain company employees. This is an inherent conflict of interest.

Although State and independent organizations supervise grain weighing at most locations, this supervision is inadequate because: first, there are no national standards and procedures to obtain uniformity; second, it is generally performed on only 25 percent of the grain weighed; and third, it is only effective if a State has strong supervision of the weighing of grain.

The many indictments and other documented cases of weighing irregularities include the short-weighing of grain both in-bound and out-bound, the theft of grain, and complex methods to divert grain from scales or from being loaded into vessels. All these violations and problems demonstrate the need for Federal control and supervision of grain weighing.

Also, the General Accounting Office in its report recommended that weighing be coordinated with the inspection process, to increase the integrity of inspection.

In response to this litany of problems the bill would do the following:

Establish the Federal Grain Inspection Agency headed by an administrator who would administer this act under the general direction and supervision of the Secretary of Agriculture.

But that Federal inspection agency headed by an administrator would be directly responsible to the Congress. His appointment would be confirmed by the Senate so that it would be a high level type of appointment.

The bill would provide that all grain inspections at export elevators and major inland terminal elevators are to be made by Agency employees. With this provision S. 3055 takes a major step toward restoring integrity and credibility to the grain inspection system. Since these export and major inland terminal elevators handle about 85 percent of the official inspection performed in the United States and are a relatively concentrated, small number of elevators, Federal inspection and weighing at these elevators can provide an essentially "all-Federal" system at a reasonable cost.

The bill provides that all grain transferred into or out of export elevators be officially weighed and all grain officially inspected at major inland terminal elevators be officially weighed—when feasible—and provides further that all grain weighed at export elevators be weighed by Agency employees and all grain weighed at major inland terminal elevators be weighed either by Federal employees or by State employees under Federal supervision.

The bill eliminates "official inspection agencies" over which the Secretary of

Agriculture has exercised little control under present law.

Those official inspection agencies are nothing more or less than private groups that are designated by the Secretary of Agriculture as official inspection agencies and after he has designated them, that is it. From there on out, they have generally gone their own way.

The administrator may "contract" with a State or person, under S. 3055, for the performance of official inspection or official weighing at minor inland terminals and country elevators; but, before doing so, he would have to determine that the State or person is capable and qualified to perform these functions.

He would not be allowed to contract with Boards of Trade or other business entities directly involved in the grain trades. The bill would thus eliminate any of the inherent conflicts of interest mentioned at our hearings and in the GAO report.

The bill extends the requirement that exported grain sold by grade be inspected, to include all exported grain, whether sold by grade or not; and further requires that it also be officially weighed.

It authorizes the administrator to provide for periodic testing of all equipment used in the inspection, grading, and weighing of grain.

Might I add, that is a very important feature, because some of the equipment is not kept up to standard. Some of it is old and out of date.

The bill also provides for the periodic rotation of personnel of the agency as the administrator deems necessary to preserve the integrity of the inspection system.

This, by the way, gets over that little habit of coziness that seems to have grown up between the inspection officials and the companies to be inspected.

The bill requires the Administrator to set and implement uniform standards for recruiting, training, and supervising official personnel and work production standards.

The bill authorizes the Administration to require by regulation as a condition for official inspection, the installation of specified sampling and monitoring equipment in elevators, and the approval of the condition of carriers and containers for transporting and storing grain.

The bill requires the Administrator to develop regulations prescribing procedures for promptly investigating complaints and taking action on complaints.

I underscore the word "promptly."

The bill empowers the Department's Office of Investigation to make such independent investigations into grain inspection and weighing under the Act as the Director thereof deems necessary.

In sum, this bill will accomplish the following:

Greater uniformity and consistency in inspection procedures and operations;

Placement of inspectors under direct control of the Department of Agriculture to provide more effective authority to deal with inspection deficiencies;

Establishment of an independent system to eliminate actual and inherent conflicts of interest;

Development of an inspection force which conforms to uniform hiring and training requirements; and

Rotation of the inspection force among specific locations.

Many have expressed objection to having inspection and weighing performed by Federal employees, under a unified, Federal system. The arguments in support of this position appear to me to be largely philosophical and political. Some hold, quite rightly, that the Federal Government should reduce its regulatory role rather than increase it. However, we must remember that Federal systems are usually not installed unless the systems they are replacing are very weak—which is the present case.

Some argue that several States would lose a substantial part of their present inspection responsibility and the related revenue they may be earning from such operations; and that since these States have been "doing a good job," they would be penalized by Federal takeover.

I note that, although GAO did not visit all States, it made a random sample of all inspection points, including States, and the GAO report documents widespread problems and deficiencies at essentially all locations visited including State-operated inspection points. Further, it is questionable whether States should be earning revenue on inspection services.

Indeed, they could earn revenue enough to pay for the service, but not as a revenue-producing tax.

Some say that Federal employees may not be fully committed to expeditious grain handling—they may slow things down.

This, I submit, is an argument that can be made, but it is a speculative argument. There is no evidence that this happens in other USDA inspection programs.

Finally, some might note that other USDA inspection programs made by its Federal employees have had problems also. This may be true, but Federal systems appear to be superior to the ones they replaced.

I would mention at this point that according to the GAO report even the Department candidly admits that the present hodge-podge system is a failure. The GAO noted that the Department is being confronted with many pressures to maintain a comparative status quo in the organizational structure of the national grain inspection system for those currently involved in the system do not want to lose their agencies and their incomes. Even so, USDA officials conceded to GAO that if the present system were not already in place, they would not recreate it in its present form and that, from a management control standpoint, "a federally controlled and operated system would be best."

Above all, integrity and competence of individual inspection personnel together are the foundation and pivotal point of a grain inspection system, whether it be Federal, State, or privately operated. No amount of increased Federal supervision, short of unwarranted and costly duplication of effort, can guarantee integrity and competence of others or the circumvention of the system by persons so inclined.

Taken by itself, integrity can be assured insofar as possible most simply through elimination of the possibility of conflicts-of-interest; rotation of personnel; and penalties for wrongdoing. Competence can be best assured through adequate and uniform recruiting, training, and supervision.

The simplest, the least costly, and the most logical way to accomplish these tasks of assuring integrity and competence is through the use of a single Federal system of inspection, wherein the inspectors are free from possible conflict-of-interest, can be easily rotated, and will be uniformly recruited, trained, and supervised—in short, a Federal inspection system such as I have proposed in S. 3055.

To protect State civil service employees, who have performed diligently over many years and who may have built up substantial benefits under a State system, the bill would allow the administrator to take into Federal service qualified State employees whose jobs would be eliminated. In going into Federal service, their pay rate, position in grade, pension and sick leave rights, and seniority would also be transferred intact.

As to increased civil and criminal penalties, the bill would—

Classify all violations under this act as either knowing, intentional, reckless, or negligent violations—for the purpose of determining the applicable penalty.

Remove the prohibition against assaulting or impeding Department employees from this act and place it within the more stringent prohibitions of the U.S. Criminal Code.

Delete the bribery section in conjunction with another amendment to the act placing official personnel within the stricter bribery prohibitions of the U.S. Criminal Code.

Increase maximum penalties as follows:

For knowing or intentional violations, the maximum—felony—penalties would be: 5 years imprisonment, a $10,000 fine, or both; and

For reckless or negligient violations, the maximum penalties would be: 9 months imprisonment, $5,000 fine, or both—section 19.*

Add a prohibition against falsifying weights or grades by any means, including the use of inaccurate, faulty, or defective equipment.

Permit the Administrator to refuse inspection or weighing to any person who he finds has violated the provisions of the act. In addition to or in lieu of refusal, he is also authorized to assess a civil penalty—maximum: $100,000—as he deems necessary to effectuate the objectives of the act.

Extend the Administrator's authority with regard to refusal of inspection so that he may temporarily suspend the provision of inspection services for up to 7 days, pending a hearing.

Authorize the Administrator to revoke summarily the license of any licensee convicted of a crime prohibited by this act or relating to his duties under this act.

No one seriously questions the need for these tougher penalties. When a person, as demonstrated in the New Orleans indictments, can gain many thousands of dollars through short-weighing or improperly grading grain, a 6-month jail term or a $3,000 fine is not much of a deterrent. I note that in this regard we even got the Department to agree to our increased penalties.

The registration provision of the bill is very important to the whole design to reform the system, and its requirements are not onerous to private enterprise.

I recognize that this provision, by the way, was hotly debated in the committee and, I think, we have an amendment relating to it.

Almost all major export grain companies are private companies and, therefore, do not have to file reports concerning their organization or business operations with the Securities Exchange Commission or any other Federal Agency. When violations of the law or other irregularities occur, it is most difficult to determine who is responsible and who benefits from the illegal acts.

The bill would provide for minimal information such as ownership, names of directors, and locations where the business has substantial grain operations. The liimted amount of information required does not encroach upon trade secrets and other properly private information. The type of information required is necessary to enforce effectively the provisions of the bill.

This registration requirement applies only to merchandisers who sell more than 2,500,000 bushels of grain in a calendar year or operate grain elevators with total storage capacity of more than 1 million bushels. It generally excludes producers and others who only occasionally sell or transport grain.

This provision provides an important enforcement tool because those companies who are substantial dealers in grain must have a registration certificate from the Administrator to operate their facilities. If they commit a violation of the act, the Administrator is authorized to suspend or revoke that certificate and thereby stop operations of the facility. This enforcement tool will have a much greater impact in discouraging illegal operations than the civil and criminal fines which can be imposed.

To insure that an orderly and equitable transition to this strengthened system is achieved and the timely and orderly marketing of grain continues, the bill allows from 6 months to 2 years to phase the system into operation.

Finally, the bill authorizes a study and makes several reporting requirements. The study would look into the adequacy of current grain standards. It would specifically address: removal of subjective human judgment from grading; subclassing grain by color; protein as a factor; and grouping broken grain with foreign material.

I believe I am correct that the distinguished Senator from Oklahoma (Mr. BELLMON) was primarily responsible for these much needed features in the bill.

On the basis of the results of the study, the Administrator is directed to make such changes in the grain standards as he determines necessary and appropriate.

The reporting requirements, together with the creation of a new Agency, which puts one man in charge who would be directly responsible to the public and to the Congress, should greatly enhance our ability to oversee the operations of the grain inspection system.

Might I say that this system of ours is one of the biggest businesses of this country. An export level of $21 billion requires the most high level type of Government supervision.

The reporting requirements, briefly are as follows:

The Administrator would be required to report the House Committee on Agriculture and the Senate Committee on Agriculture and Forestry every December 1:

First, regarding the effectiveness of the official grain inspection system under the Act for the prior fiscal year; and

Second, giving a summary of all complaints—and the resolution thereof—received by the Department from foreign customers for U.S. grain.

The Administrator would be required to report to the House Committee on Agriculture and the Senate Committee on Agriculture and Forestry within 30 days regarding:

First, any complaint from a foreign purchaser concerning a shipment of U.S. grain, after he determines that there is reasonable cause to believe the grain delivery was in fact faulty; and

Second, the cancellation of any contract for the export of more than 100,000 tons of grain.

The Administrator would be required to report to the House Committee on Agriculture and the Senate Committee on Agriculture and Forestry every 3 months with respect to investigative activity taken into complaints of improper activity and abuses in the official inspection of grain under the act.

This is a comprehensive and, I believe, responsive bill; it is the right bill. It has been shaped and designed in committee with great care and attention to fully come to grips with the problems we face in grain inspection. In a sense, it may be said that this bill is strong medicine. But it represents the only possible realistic response to the problem.

If we water this bill down in the Senate today, it will likely never have the chance to be reconstituted. The House bill, which is less strong, has already been passed in that Chamber, and the administration position in favor of a weaker response is clear. Therefore, I believe it is vitally important that the Senate vote favorably on this bill as reported. It represents the only chance to end the irregularities of the present system, which have hurt our producers and consumers.

I am sure every Member of this body knows that when we go to conference we have to settle our differences with the other body, and if we weaken this bill in this Chamber we will go to conference only to find out that we have a very weak bill as a final product.

We will have the Department of Agriculture, as they have already, insist that the Senate provisions be modified and weakened. But I want to say again, Mr. President, that the Department of Agriculture has been dragging its feet. It has been behind—and I mean it has been two to three steps behind every need that was demonstrated. It has not come in here for additional personnel or increased appropriations. The Department of Agriculture did not institute any request for a change in the basic law. Everything has had to come from the work of the House and the Senate committees, and primarily from the committee here in the Senate.

So I am not impressed by the fact that the Department of Agriculture feels this bill is too strong. As far as the Department of Agriculture was concerned, they did not ask for any bill. They opposed the emergency legislation; they opposed even the supplemental appropriation which gave them the additional inspectors.

We have had to drag them in by the nape of the neck screaming and hollering in order to get any action out of them.

Mr. President, I hope we will see fit to give the American farmer the kind of protection and support to which he is entitled, a farmer who produces the highest quality of product only to find the product is either diluted or in some way adulterated by a faulty system of grain inspection in which private companies and designated officials have violated the law. We cannot permit that to happen.

Mr. President, I ask unanimous consent that a short summary of the major provisions of this bill and a list of 25 major inland terminal areas to be affected by this bill be printed in the RECORD.

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

SUMMARY OF MAJOR PROVISIONS OF THE BILL

[The section references that are starred are references to the United States Grain Standards Act as amended in its entirety by section 1 of S. 3055.]

The bill being reported by the Committee makes major changes in the United States Grain Standards Act relating to (1) increased Federal authority and responsibility, (2) increased civil and criminal penalties, (3) required registration of grain dealers, and (4) studies and reports.

INCREASED FEDERAL AUTHORITY AND RESPONSIBILITIES

The bill—

1. Establishes the Federal Grain Inspection Agency headed by an Administrator who is to administer the Act under the general direction and supervision of the Secretary of Agriculture (sec. 4*).

2. Provides that all grain inspections at export elevators and major inland terminal elevators are to be made by Agency employees (sec. 8(e)*).

3. Provides that all grain transferred into or out of export elevators be officially weighed and all grain officially inspected at major inland terminal elevators be officially weighed (when feasible) (sec. 6(a)*).

4. Provides that all grain weighed at export elevators be weighed by Agency employees and all grain weighed at major inland terminal elevators be weighed either by Federal employees or by State employees under Federal supervision (sec. 9(d)*).

5. Eliminates "official inspection agencies" over which the Secretary of Agriculture has exercised little control under present law by

requiring inspection in rural and other inland areas (where inspection by Agency employees is not required) to be made by Agency employees or a State or persons under contract with the Administrator (sec. 3(1)* and (o)* and sec. 8(f)*). Before the Administrator may contract with a State or person, he must determine that the State or person is capable and qualified (sec. 11(a)*).

6. Extends the requirement that exported grain sold by grade be inspected, to include all exported grain, whether sold by grade or not; and further requires that it also be officially weighed (sec. 6(a)*).

7. Requires that a certificate be issued showing the official grade and weight of all grain export (sec. 6(a)*).

8. Authorizes the Secretary of Agriculture to enter into an agreement with Canada to provide for the required inspection and weighing of export grain transshipped through Canada (sec. 8(g)* and sec. 9(f)*).

9. Authorizes the Administrator to provide for periodic testing of all mechanical equipment used in the inspection, grading, and weighing of grain (sec. 10(a)*).

10. Expands the Administor's licensing authority to include (a) persons performing official weighing, (b) persons monitoring grain shipments overseas, and (c) States employees performing functions under a cooperative agreement to perform official weighing (sec. 13*).

11. Provides for the periodic rotation of personnel of the Agency as the Administrator deems necessary to preserve the integrity of the inspection system (sec. 13(e)*).

12. Requires the Administrator to set and implement uniform standards for recruiting, training, and supervising official personnel and work production standards (sec. 13(f)*). Further, to the extent that the bill will take over weighing and inspections now performed by States, the bill would allow the Administrator to take into Federal service qualified State employees whose jobs would be eliminated. In going to Federal service, their pay rate, position in grade, pension and sick leave rights, and seniority would also be transferred intact (sec. 4).

13. Authorizes the Administrator to require by regulation as a condition for official inspection, the installation of specified sampling and monitoring equipment in elevators and the approval of the condition of carriers and containers for transporting and storing grain (sec. 21(a)*).

14. Requires the Administrator to develop regulations prescribing procedures for promptly investigating complaints and taking action on complaints (sec. 21(b)*).

15. Empowers the Department's Office of Investigation to make such investigations into grain inspection and weighing under the Act as the Director thereof deems necessary (sec. 21(d)*).

INCREASED CIVIL AND CRIMINAL PENALTIES

The bill—

1. Would classify all violations under the Act as either knowing, intentional, reckless, or negligent violations—for the purpose of determining the applicable penalty (sec. 18*).

2. Remove the prohibition against assaulting or impeding Department employees from the Act and place it within the more stringent prohibitions of 18 U.S.C. 111 and 1114 (sec. 18* and sec. 5).

3. Would delete the bribery section in conjunction with another amendment to the Act (sec. 13(d)*) placing official personnel within the stricter bribery prohibitions of 18 U.S.C. 201.

4. Would increase maximum penalties as follows:

For knowing or intentional violations, the maximum (felony) penalties would be: 5 years imprisonment, a $10,000 fine, or both; and

For reckless or negligent violations, the maximum penalties would be: 9 months imprisonment, $5,000 fine, or both (sec. 19*).

5. Would add a prohibition against falsifying weights or grades by any means, including the use of inaccurate, faulty, or defective equipment (sec. 18(a)(7)*).

6. Would permit the Administrator to refuse inspection or weighing to any person who he finds has violated the provisions of the Act. In addition to or in lieu of refusal, he is also authorized to assess a civil penalty (maximum: $100,000) as he deems necessary to effectuate the objectives of the Act (sec. 15(a)*).

7. Extends the Administrator's authority with regard to refusal of inspection so that he may temporarily suspend the provision of inspection services for up to 7 days, pending a hearing (sec. 15(c)*).

8. Authorizes the Administrator to revoke summarily the license of any licensee convicted of a crime prohibited by the Act or relating to his duties under the Act (sec. 14*).

REQUIRED REGISTRATION OF GRAIN DEALERS

The bill—

1. Would require (with certain exceptions) the registration of any person engaged in the business of buying grain for sale in interstate or foreign commerce *and* in the business of handling, weighing, or transporting of grain for sale in interstate or foreign commerce.

The registration requirement does not apply to:

(a) a person only incidentally or occasionally involved in the grain trade;

(b) producers of grain who are only incidentally or occasionally involved in the grain trade;

(c) persons who transport grain for hire and have no financial interest in the grain;

(d) persons who buy grain for feeding and processing and not for the purpose of reselling; or

(e) any merchandiser of grain who sells less than 2,500,000 bushels of grain in a calendar year, or owns or operates grain elevators with total storage capacity of less than 1,000,000 bushels (sec. 24(a)*).

2. Would require that persons to be registered submit the following information:

(a) the name and principal address of the business;

(b) the names of all directors of the business;

(c) the names of the principal officers of the business;

(d) the names of all persons in a control relationship with respect to the business;

(e) a list of locations where the business conducts substantial operations; and

(f) such other information as the Administrator deems necessary (sec. 24(b)*).

3. Would require the Administrator to issue a certificate to those businesses that comply with the registration requirements. The certification must be renewed annually, and the registrant must notify the Administrator of any changes in information within 30 days (sec. 24(c)*).

4. Forbids any persons to engage in the business of buying grain for sale in interstate or foreign commerce and in the business of handling, weighing, or transporting of grain in interstate or foreign commerce unless he has registered and has an unsuspended or unrevoked certificate of registration (sec. 24(c)*).

5. Authorizes the Administrator to suspend or revoke any certificate of registration under this section when, after affording the registrant an opportunity for a hearing, the Administrator determines that the registrant has violated any provision of the Act or the regulations, or has been convicted of any violation under the U.S. Criminal Code involving the weighing, handling, or inspection of grain. The Secretary may temporarily suspend certificates without a hearing for up to 30 days, pending his final determination, if he deems such action to be in accordance with the purposes of the Act (sec. 24(d)*).

STUDIES AND REPORTS

The bill—

1. Authorizes and directs the Administrator to perform a study regarding the adequacy of current grain standards. The study is to address specifically: removal of subjective human judgment from grading; subclassing grain by color; protein as a factor; and grouping broken grain with foreign material. On the basis of the results of the study, the Administrator is directed to make such changes in the grain standards as he determines necessary and appropriate, and, not later than two years after the enactment of the legislation, submit a report to the Congress on the findings of the study (sec. 6).

2. Would require the Administrator to report to the House Committee on Agriculture and the Senate Committee on Agriculture and Forestry every December 1st:

(a) regarding the effectiveness of the official grain inspection system under the Act for the prior fiscal year (sec. 23(a)*); and

(b) giving a summary of all complaints (and the resolution thereof) received by the Department from foreign customers for United States grain. The summary is not to include complaints that the Administrator determines have no reasonable basis (sec. 23(c)*).

3. Directs the Administrator to report to the House Committee on Agriculture and the Senate Committee on Agriculture and Forestry within 30 days regarding:

(a) any complaint from a foreign purchaser concerning a shipment of United States grain, after he determines that there is reasonable cause to believe the grain delivery was in fact faulty; and

(b) the cancellation of any contract for the export of more than 100,000 tons of grain (sec. 23(b)*).

4. Directs the Administrator to report to the House Committee on Agriculture and the Senate Committee on Agriculture and Forestry every three months with respect to investigative activity taken into complaints of improper activity and abuses in the official inspection of grain under the Act (sec. 21(b)*).

TWENTY-FIVE MAJOR INLAND TERMINALS

KANSAS

1. Kansas City.
2. Topeka.
3. Wichita.
4. Salina.
5. Hutchison.

OKLAHOMA

6. Enid.

IOWA

7. Cedar Rapids.
8. Davenport.
9. McGregor.
10. Des Moines.
11. Sioux City.

NEBRASKA

12. Hastings.
13. Lincoln.
14. Omaha.

MISSOURI

15. Kansas City.
16. St. Louis.

ILLINOIS

17. Peoria.
18. Decatur.
19. Kankakee.

OHIO

20. Cincinnati.
21. Columbus.

COLORADO

22. Denver.

MINNESOTA

23. Minneapolis.

TWENTY-FIVE MAJOR INLAND TERMINALS—Con.

TEXAS

24. Amarillo.
25. Ft. Worth.

Mr. HUMPHREY. Mr. President, I yield the floor.

The PRESIDING OFFICER (Mr. FANNIN). The Senator from Kansas is recognized.

Mr. DOLE. Mr. President, I yield 10 minutes to the distinguished Senator from North Dakota.

Mr. YOUNG. Mr. President, at the outset I wish to say that I do not very often disagree with my friend from Minnesota (Mr. HUMPHREY). On this, we have some small differences of opinion.

Mr. President, over a year ago, many reports started appearing in the press involving scandals in shipping our grain to foreign countries.

The Senate Agriculture Committee is deeply concerned about these reports and made a very thorough investigation at the various ports involved.

The problem seems to be centered mostly in the ports of New Orleans, Houston, and Galveston.

We had a very similar problem in these same three ports 20 years ago. There were convictions and guilty pleas then.

At that time, too, the Senate Agriculture Committee was involved in a thorough investigation and thought the action it had taken would solve this problem.

It is obvious now that the measures taken then were inadequate.

The U.S. attorney in the New Orleans area, Mr. Gerald J. Gallinghouse, made a thorough investigation of the problems there in recent months.

As a result, many indictments were returned. Some pled guilty and other cases are still pending.

In the cases that have come before the courts thus far, there have been over 70 individual indictments issued and 7 indictments involving grain firms.

Unfortunately, as is so often the case, these scandals involving polluting of grain, inaccurate weighing, and other violations are greatly exaggerated.

For example, the General Accounting Office conducted a thorough investigation on grain marketing and inspection in recent months.

According to the GAO report, most of the problems occurred at the southern ports of Houston, Galveston, and New Orleans.

The GAO found no serious problem with respect to northern export points such as Duluth, Superior, and Portland, Oreg., where most of the exports originate for the spring wheat and durum area, as well as much of the winter wheat from the Pacific Northwest and some of the North Central States.

The point I am trying to make, Mr. President, is that as bad as the scandalous grain inspection problem is, for the most part it only involved three of our major southern ports.

Unfortunately, because of the serious problems at these ports, the press, and even some Members of Congress implied that most of the grain we exported was polluted, misweighed, or involved in other scandalous export procedures.

Great Plains Wheat, Inc., dealt with this problem in an accurate and appropriate way, as stated in their news release dated April 15, 1976, a portion of which I would like to quote:

Foreign buyers continue to express surprise that the United States seems so intent on finding fault with its grain inspection system, stated a group of grain buyers from Belgium and the Netherlands.

What I would like to point out, Mr. President, is that the grain we export is of far better quality than is implied by a great amount of publicity.

The Great Plains Wheat news release went on to further state that the importers in this group found the United States a very adequate source of grain and, too, our grain is of high quality.

Mr. President, I request this news release be included in its entirety in the RECORD at the conclusion of my comments.

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

(See exhibit 1.)

Mr. YOUNG. Mr. President, this release substantiates my claim that many of the reports concerning polluting grain were the result of overreaction to stories carried by the press.

Because of the serious problems at some ports, particularly Houston, Galveston, and New Orleans, our grain inspection system must be tightened up so that scandals such as those that have occurred in the past several months will not occur again.

This is what the Senate Agriculture Committee is determined to do.

Mr. President, while the Humphrey bill has great merit, I cannot help but feel it goes too far. The grain inspection system over most of the United States has been operating quite satisfactorily.

I see no need to abolish all local and State inspection and replace it with Federal inspection.

For example, Mr. President, if grain shippers are dissatisfied with local or State inspection, they can always appeal to a Federal inspector and have it reexamined if they want to. This is often done. That is the practice now.

We have enough Federal bureaucracy with our hordes of inspectors now, without providing more.

Mr. President, I believe that the amendments sponsored by the distinguished Senator from Kansas and the ranking minority member of the Senate Agriculture Committee, Mr. DOLE, of which I am a cosponsor, are much more preferable to the bill offered by my distinguished colleague from Minnesota, Mr. HUMPHREY.

Mr. President, I believe there is a better solution to this problem.

We should require that all exported grain come under Federal inspection.

This would mean every bushel of grain leaving the United States would be federally inspected.

Under the Dole proposal, local and State inspection would be continued as it should be.

It should not be abolished when there is no serious problem involved.

The Dole proposal would also do away with the provision in the Humphrey bill that would require setting up a separate grain inspection agency in the U.S. Department of Agriculture.

Another provision in the Dole proposal would eliminate requirements in the committee bill that all grain buyers and firms buying grain for sale in interstate or foreign commerce and those handling, weighing and transporting grain for sale, must register with the Department of Agriculture.

Mr. President, I do not believe these three provisions of the Humphrey bill are necessary at this time.

They would impose more restrictions and cause more unnecessary problems especially for country grain buyers where all of our grain originates.

Mr. President, I support the amendments offered by Senator DOLE and have joined as a cosponsor.

Mr. President, I state further, there is one serious problem I do not believe this bill deals with adequately, that of grain grade standards.

For example, No. 3 amber durum wheat and the same thing applies to other types of grain, has too much tolerance. No. 3 grain can have a tolerance of 3 percent, beside that it can have 3 percent of other types of wheat in it. There is nothing illegal for an exporting firm now, adding to No. 1, the hard spring wheat, 8 percent of screenings or even foreign material. There can be other types of wheat mixed with it up to 3 percent. There is no penalty for doing that now. It is nothing illegal.

We find now that the Common Market countries of Europe as well as Italy, because of certain import restrictions, are buying or ordering mostly No. 2 and No. 3 wheat. They rarely order No. 1 that has practically no dockage at all. They can get clean wheat if they buy No. 1 wheat.

As long as they persist in ordering lower grade wheat, they are bound to get some dockage, screenings or even foreign material in the wheat.

I believe we have found most of these countries are surprised at our own criticism of the quality of our own wheat. Most importers find it to be excellent.

EXHIBIT 1

[From Great Plains Wheat, Inc.]

NEWS RELEASE, APRIL 15, 1976

WASHINGTON, D.C.—"Foreign buyers continue to express surprise that the United States seems so intent on finding fault with its grains inspection system," stated a group of grain importers from Belgium and The Netherlands.

The members of the group were impressed by the fact that customers abroad appear to be more satisfied with the quality of the merchandise which they receive from the U.S. than are the U.S. critics of the system. "The unbelievable amount of publicity the United States gives to irregularities in its system is damaging U.S. interests abroad," asserted the team members.

The members of the group, visiting the United States on the invitation of Great Plains Wheat, have spent two weeks inspecting U.S. wheat production, handling and shipping facilities. They have also spent time with U.S. government and trade officials, to discuss U.S. wheat exports to the European Community.

There is an occasional problem with shipments from any origin, they stated, but by far the majority of the shipments arrive in excellent condition and correspond to what the buyer has ordered. They indicated that buyers had found the United States a very dependable supplier with regard to both grain quality and consistency in marketing. They pointed out that although the United States had applied embargoes on two occasions the embargoes had been of brief duration and did not create any shortages of commodities abroad. They noted that other suppliers are out of the market often for months, so that wheats from other sources are frequently not available. "The United States wheats are available at all times, and foreign millers tend to want to continue to use wheat to which they and their flour customers have become accustomed," they stated.

Great Plains Wheat, Inc., is the foreign market development organization representing the wheat producers in Colorado, Kansas, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, Texas and Washington.

The PRESIDING OFFICER. Who yields time?

Mr. DOLE. I yield 5 minutes to the Senator from Nebraska.

The PRESIDING OFFICER. The Senator from Nebraska is recognized for 5 minutes.

Mr. CURTIS. Mr. President, I am of the opinion that we should have some legislation on the subject of grain inspection. I believe if we look at the situation realistically we will find that, contrary to the impression that might have been conveyed by the media, the great bulk of our grain trade has not been riddled with scandal.

It has been confined, to the greatest extent, in our export, and as the distinguished Senator from North Dakota has said, it has not been all of the export terminals where they have had violations, wrongdoing and dishonesty.

Those places where we have had wrongdoing, it has been serious. I am glad that there have been indictments. I hope if the individuals are guilty, they will be convicted—if they have not already been found guilty.

Mr. President, I think there are some things that are quite self-evident, and should be, to the Congress. One is that we cannot, for every problem that arises, create a new agency and turn a new function over to the Federal Government. Sometimes we have to do that if the problem is spread across the land and applies everywhere uniformly. Certainly, we should not do it for a problem that exists at certain spots only in the grain trade.

Therefore, at this time I feel it would be a mistake to change the long-established system and establish a total Federal inspection system in the 25 major inland terminals. I do not think that is necessary. By the very nature of these transactions, the problem arises in connection with exports. The Government has been involved in exports. In some of our exports under the Public Law 480 program the Government is very much involved. That program has attracted some fast buck artists. At times it has loaded a burden on some of these exporting facilities that they were not used to. There is where the real problem was.

I favor the Federal Government establishing an inspection service for our exports. I do not think it is either wise or necessary to go beyond that, certainly not at this time.

I favor provisions of the Dole amendments. I think we should remove from the scope of this bill 25 major inland terminals.

I am also of the opinion that we should not create a separate agency.

I realize it is said that that agency will be in the Department of Agriculture. Actually, that is just for housing purposes. The individual head of it will have his own jurisdiction and his own responsibility to the Congress and to the appointing officer.

At a time when we should be consolidating agencies and limiting them, I believe we should not create additional separate agencies unless we face an extreme situation where there is no other way. I do not believe we face an extreme situation in regard to a great portion of our exports. There are some of the ports which have not been involved in the scandal at all. I believe that our major inland terminal inspection points have operated not perfectly but in a very credible way.

We should also keep in mind that under our private enterprise system the purchaser of grain has something to say about it. If he buys grain that has been poorly inspected or underweighed, he is not going to do it again. He wants to buy the best grain he can obtain for his flour mill or his other processing plants. So we have a built-in check and balance that makes it unnecessary for the Federal Government to be involved and look over everybody's shoulder all the time.

The situation is quite different with reference to exports, particularly since in part of these exports the Government is a financial partner.

Therefore, Mr. President, I hope this bill will be amended before it is enacted.

The PRESIDING OFFICER. Who yields time?

Mr. DOLE. Mr. President, I yield 5 minutes to the distinguished Senator from Oklahoma (Mr. BELLMON).

Mr. BELLMON. I thank the distinguished Senator from Kansas, the ranking Republican on the Agriculture and Forestry Committee.

I want to add my compliments to those which have already been stated this afternoon about the fine work which has been done on this legislation by the Senator from Minnesota (Mr. HUMPHREY), the Senator from Iowa (Mr. CLARK), the Senator from Kansas (Mr. DOLE), the Senator from North Dakota (Mr. YOUNG), and others.

The members of the Committee on Agriculture and Forestry fully realize this is an extremely important area as far as the Nation's commerce is concerned. We realize that we need a grain inspection system that is trustworthy, one that is flexible enough to meet the demands of the grain trade which is frequently confronted with seasonally heavy volumes of business and then which may go for months when there is a relatively small amount of business.

All of us are appalled at the reported cases of law violations which have apparently occurred at certain ports.

The interesting thing to me, Mr. President, is that during Senator HUMPHREY's remarks he was exteremely critical of the USDA. I believe those of us who have observed the things that happened at some of our ports realize that the major problem there was that the U.S. Department of Agriculture fell down in its responsibility as a supervisor of the Nation's grain inspection system. This bill which is before us would turn the entire grain inspection system over to the very agency that has failed so miserably in its responsibilities in the past.

It is hard for me to understand how Senator HUMPHREY could in one breath be critical of the USDA in the way it has failed the Nation's farmers and our foreign customers and then turn right around and proposed a bill that puts all other grain inspection service out of business and turns the entire system over to the USDA.

To me, this bill, which gives full responsibility to the USDA, is an overreaction to a problem that can be dealt with much more simply and still leave the grain inspection system far more viable than will be the case if we federalize every inspection of grain in this country.

I deplore any fault in our grain inspection system which deprives American grain producers of markets. This Nation is the breadbasket of the world. We produce grain that is badly needed to feed hungry people in all parts of the globe. To get that grain from the American producers to the foreign customers does require a marketing system and a grading system that is dependable and which people will trust.

I am very much in favor of creating that kind of a system, but I am afraid this bill goes in exactly the opposite direction.

The problem is, Mr. President, that under this system there is simply no way to make certain that the Federal grading system will not become corrupt. If it does become corrupt who is going to be around to catch the Federal crooks?

The system we have now, if it operates properly, involves Federal supervisors who are in a position to watch the State or private grain graders to make certain that they are honest and that they do their work properly. On the other hand, if we go the direction that S. 3055 would take us we make it impossible for anyone except one Federal official to watch another.

The dangers in this system are pointed out by what has already happened in the U.S. meat inspection programs. I have before me an article from the Monday, April 5, 1976, issue of the New York Times which points out that Federal investigations have uncovered evidence of widespread payments by meatpackers and processors to U.S. Department of Agriculture food inspectors in the New York area, a corrupt practice which has been going on for years.

The story further points out that inspectors were taking home enough meat each week to stock a wholesale butcher

shop, according to one private investigator.

Mr. President, I ask unanimous consent that this entire 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. BELLMON. The problem here is that we have a Federal meat inspection system and yet there are still corrupt inspectors. If we get the same sort of corruption in a nationwide grain inspection system, the damage done to American producers and our foreign customers would be irreparable.

Mr. President, there are going to be some amendments offered to this bill later this afternoon which I intend to support. I believe those amendments would clean up the overreaction that is inherent in the bill as it is presently written.

There is much in the bill that is good. There is much here that has needed to be done for a long time. But my objection lies in those features which would totally federalize the grain inspection system and make it impossible, at least in my judgment, for it to ever be properly policed. It might be ultimately necesssary to make such a step. Frankly I do not think it would. But I believe we should preserve the elements of the present system that have served this Nation's food consumers and food producers so well in the past and not simply, because of what happened in one or two locations, throw out an entire program that could easily be cleaned up and made function in a proper fashion.

I believe sincerely that this Nation has the foundation already in place for a good grain inspection system, that if we will tighten down the Federal supervision, provide for proper funding of the supervision responsibility through a fee system that we will then have remedied our weaknesses and have preserved the system in its most effective and most workable form.

Mr. President, I intend to support the Dole amendment to S. 3055, and, if they are approved on that basis, to support the bill.

Mr. STENNIS. Mr. President, will the Senator yield for a question if he has time?

The PRESIDING OFFICER. The Senator's time has expired.

Mr. STENNIS. Mr. President, will the Senator yield him 1 minute.

Mr. DOLE. I yield 1 minute.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. STENNIS. I would like to know if the Senator from Oklahoma supports the Dole amendment to the extent that this would be left in the hands of privately employed inspectors or private inspectors. I will call it; that is, neither Federal nor State. It seems to me as though we must move into this in some way. Will the Senator express himself on that point?

Mr. BELLMON. Mr. President, in those cases where the private inspectors meet the Federal standards, as is the case in my own State of Oklahoma where we have private inspectors at the terminal in Enid, Okla., then the amendments that I would support would leave those private inspectors in place. If they fail at any time to meet the Federal standards then they could be replaced by Federal inspectors. I see no reason at this time to put them out of business because when up to now they have been doing their work without any criticism or any law violations.

Mr. STENNIS. Would they be operating under the general supervision or observation of the Federal inspectors?

Mr. BELLMON. Yes, Mr. President, they would. They would be supervised by Federal authorities.

Mr. STENNIS. I thank the Senator.

EXHIBIT 1

[From the New York Times, Apr. 5, 1976]

PAYOFFS TO U.S. MEAT INSPECTORS ARE FOUND COMMON IN CITY AREA

(By Selwyn Raab)

Federal investigators have uncovered evidence of widespread payments by meat packers and processors to Agriculture Department food inspectors in the New York area—a corrupt practice that apparently has been going on for years.

So far, there is no indication that the payoffs have led to the approval or distribution of tainted or substantial meat. The payments, in money or gifts, assertedly were made to overlook minor sanitary violations at packing and processing plants, according to sources familiar with the investigation.

Several inspectors and officials of meat companies are cooperating with the inquiry, which is being conducted by the offices of the United States Attorneys in the Southern and Eastern Districts of the State.

Meat company officials who have admitted making payments have told investigators that they did so to prevent what they described as "costly harassment" by inspectors, who have the power to halt or delay operations at their plants. These officials maintained that they had acted under coercion and that unless they had met the demands of the inspectors their plants would have been hit with unjust violations and possible work interruptions.

According to reliable sources, these officials further asserted that inspectors could pressure them through delays in the lifting of violations even after the problems had been corrected. Work stoppages caused by these violations could cost a plant as much as $5,000 a day, industry officials contend.

The payments are believed to have varied from $10 to $100 weekly in either money or gifts. The gifts sometimes included expensive meat products.

"One inspector was taking enough in meat each week to stock a wholesale butcher shop," an investigator said privately.

A high official in Food Inspectors Local 538 of the American Federation of Government Employees, acknowledged that "there may be some validity" to the corruption charges. But the official, who asked for anonymity, said that, "except for a few rotten apples," he doubted that there was any large-scale graft.

The union official also said that he believed that the initiative for bribes came from plant owners.

"There are a lot of sharpshooters in this business who want to cut corners by not meeting all the regulations," he continued. "The vast majority of our men are honest and legitimate packers, and processors can easily appeal to a higherup if they think they're being harassed or treated unfairly."

MONEY AND GIFTS BARRED

Federal law prohibits inspectors from accepting money or gifts from companies they are regulating. It is also illegal for company officials to offer anything to inspectors. Criminal charges could be brought against the inspectors, the officials who made the payments and their companies.

According to authoritative sources, the investigation began last winter when agents of the Federal Bureau of Investigation discovered that there was an organized—almost routine—system of payments at many plants in the city and suburbs.

Much of the most substantial evidence is believed to involve companies in the Fort Greene and Williamsburg sections of Brooklyn.

Last January, 52 inspectors who at some time had been assigned to Brooklyn were subpoenaed by the United States Attorney's office in Brooklyn and compelled to have their photographs taken. The mass photo session was believed to have been conducted in an attempt to help meat company officials identify inspectors suspected of having accepted payments.

A Federal grand jury in Brooklyn is expected to begin hearing evidence soon, possibly this month. It is uncertain when evidence will be presented to a grand jury covering plants in Manhattan and the Bronx.

David Trager, the United States Attorney for the Eastern District, confirmed that the investigations had begun, but they declined additional comment.

The regional director of investigation for the Agriculture Department, Michael S. Lonergan, said that his unit "is involved," but he too refused to discuss the inquiry.

There are about 450 meat packing and processing plants in the city and suburbs, and their combined business volume is more than $1 billion annually, according to the Agriculture Department. A total of 150 inspectors and supervisors are assigned by the department to certify that the plants comply with Federal food and sanitary codes.

The plants vary from those that store and distribute kosher and nonkosher beef to supermarkets, butcher shops and restaurants, to those that prepare such products as frankfurters and bologna for interstate distribution.

SALARIES UP TO $19,270

All of the inspectors here are part of the Meat and Poultry Division of the Agriculture Department. Their annual salaries range from $12,222 for newcomers to $19,270 for top supervisors. Most get less than $17,000.

George J. Puchta, assistant supervisor of meat inspectors in the metropolitan area, said most of them were reassigned to different plants once a year. Asked if this was done to prevent corruption, Mr. Puchta replied: "By rotating people we are less apt to run into problems."

The investigations here could lead to the second major corruption problem in less than a year for the Agriculture Department. A broad Federal inquiry into graft and other irregularities in the grain industry started last year.

In New York, the most recent meat scandal occurred in 1966, when uninspected horse meat was used by the now defunct Merkel Meat Company in Queens.

The PRESIDING OFFICER. Who yields time?

Mr. DOLE. I yield 2 minutes to the distinguished Senator from Idaho.

Mr. CULVER. I thank the Senator for yielding.

Mr. President, I wish to commend my colleague from Iowa (Mr. CLARK) and the other sponsors of S. 3055 for the expertise and hard work which produced the legislation before us.

It represents, I believe, the most direct, equitable, and intelligent solution to a serious and dangerous problem. I hope

that the Senate will act act speedily and affirmatively on the bill.

Although attention about grain inspection abuses has necessarily centered in those cities where grand juries have returned indictments, the significance of this bill is not limited to those places.

It is crucial for grain growers and dealers in Iowa and other producing States who have had no part in the violations but who have been cheated by the illegal practices.

It is critical to our national sense and system of justice which have been threatened by revelations that conspiracy, bribery, and other crimes could possibly become standard operating procedure in the handling of grain exports.

Finally, it is vital to the future of our national economy. The backbone of America's performance in her international trade has long been the outstanding record of our agricultural exports. Without a continued strong performance from this sector, our balance of payments will seriously deteriorate. A GAO study of grain inspection showed that the abuses of our inspection system have grown so serious that foreign buyers are cutting back on purchases of American grain. We can ill afford to allow this to continue.

For all of these reasons, a decisive approach to the grain inspection problem is essential. I believe that this bill offers such an approach. I commend the sponsors of the bill for providing it, and I urge that the Senate adopt it.

I thank the Senator for yielding.

Mr. DOLE. Mr President, I yield myself such time as I may require.

Mr. President, on April 14, just prior to the Easter recess, the Senator from Kansas submitted three amendments to S. 3055, the grain inspection bill, which we are considering today.

These amendments were proposed because of the strong objections this Senator has to several sections of S. 3055.

Amendment 1603 deletes the provision for Federal takeover of grain inspection activities at 25 major inland terminals. Let me state at the outset that, as a member of the Committee on Agriculture and Forestry and as one who has been concerned with grain inspection, S. 3055 contains a great number of provisions strongly supported by this Senator and every Senator on the Senate Agriculture Committee as well as members on the House Agriculture Committee, where their bill has similar provisions.

But there are a few areas where there is strong disagreement, and one of those areas is whether or not we should have a Federal takeover, a complete takeover of grain inspection.

This Senator comes from a wheat-producing State, the State of Kansas. It would affect five terminals in the State of Kansas, but beyond this, it would affect thousands and thousands of farmers, and I point up that in all the scandals we have had in port facilities, particularly in the Port of New Orleans, about 95 percent of those had to do with corn, not wheat. In addition to that, there has been no evidence at this time that there is any great abuse at inland terminals.

It seems to this Senator that there is a rather weak need to extend the Federal takeover to every major inland terminal because of the mistakes, abuses, and fraud on the part of some.

So my amendment, and I will modify the amendment at the desk at a later time, would limit my first amendment to simply striking those provisions that would provide Federal takeover of grain inspection at 25 major inland terminals.

The second amendment to be offered would strike the section providing for registration of all large grain companies and cooperatives as an enforcement measure. I think perhaps that there should be some registration. But again the President talked about overregulation. We have all talked about the paperwork. We have even provided by law a Commission on Paperwork. I assume everyone voted for it in this Senate and in the House, but now we are suggesting in this legislation that every grain operator and every grain elevator should file some report if he takes in a certain number of bushels of wheat.

It would affect about 170 elevators in the State of Kansas. It seems to me that this information is already provided. It is another place where we ask for duplicate forms to be provided for no good reason at all. I can understand the purpose of the amendment. I think insofar as the giant or major grain exporting companies are concerned, the information should be furnished. I do not think it is too difficult to find out the ownership in some of the grain firms in my State who operate on a very small scale.

The Senator from Minnesota very realistically said, "Well, we are going to conference, we have got to keep this bill strong because the House bill is weak." This Senator is not so certain that the House bill is weak. It passed by a very healthy margin in the House, I think 246 to 33.

President Ford has indicated in a recent speech in Texas, where he speaks frequently these days, that he would veto the Senate bill in its present form. This Senator thinks he would be wise to veto the bill if it passed in the Senate, and the Senate version is agreed to in conference, and sent to the President.

Last week I received a letter from the Under Secretary of Agriculture—the Secretary is out of the country, so I received a letter from the Under Secretary of Agriculture—detailing the administration's objection to S. 3055. The Under Secretary did not state he would support S. 3055 if certain changes were made but he did express strong reservations and expressed those reservations on behalf of the Department.

The letter outlines the Department's support for the three amendments that I have submitted as necessary improvements to S. 3055. It indicates a further amendment concerning provisions of section 4 pertaining to the right of hiring independent or State-employed inspectors. The Senator from Kansas will submit that amendment later for consideration, and I trust that some compromise may be worked out.

Since the amendments have been submitted, the House Committee on Appropriations—specifically, the service and investigations staff of the Committee on Appropriations—has made its report on the grain inspection system. This report, at least insofar as this topic is concerned, was made in December of 1975.

There has been a great deal of talk about the GAO report, and this Senator understands that the measure before the Senate is a direct result of that GAO study. I commend the GAO for their efforts, but I also suggest that they are not perfect.

I suggest that it is easy to say, "Let's turn it over to the Federal Government if we find anything wrong."

An arm of Congress made this investigation. A subcommittee staff investigated grain inspection and many other aspects of that part of the grain industry, and they came up with different conclusions. I believe it is appropriate to comment on that report, since many references have been made and will be made to the GAO study.

This Senator was one of those who urged the GAO study, so I do not condemn it. I commend it. But I suggest that it is not the only evidence we have as to the need for this legislation.

This report, the one referred to by the House Appropriations Subcommittee, does make a strong recommendation for tightening up the system. It does not recommend an all-Federal grain inspection system as provided for in S. 3055.

DECLINE IN SUPERVISORY INSPECTIONS

The House report indicates that between 1966 and 1975 there was a dramatic decline in the number of supervisory inspections performed by USDA agricultural commodity graders, ACG's. Supervisory inspections are defined as the separate grading by ACG's of the original sample or of a USDA sample from the same lot for comparison with the grade and factors reported by the State or private licensed inspector. They exclude appeal inspections which are often done simultaneously with the original inspection and with the knowledge of the licensed inspector. The number of supervisory inspections decreased 57.5 percent from 1966 to 1975, due to an increase in the number of requested simultaneous appeal inspection and an increase in the number of ACG's for these purposes. This decline in supervision was during a period of increase of 10 percent in volume of grain inspected.

This decrease took place in spite of a growing knowledge on the part of the USDA of irregularities in the inspection and grading of grain. This lack of adequate supervision played a major part in creating conditions conducive to fraud.

MORE SUPERVISION REQUESTED

Without exception, persons involved in trading of grain told the House investigative staff of the need for much closer USDA supervision of grading. Even the licensed inspectors and designated inspection agencies argued for closer supervision of their work. USDA

was described as "an absentee parent" in recent years.

Mr. President, I ask unanimous consent that the table from the report, showing changes in supervisory inspection be printed in the RECORD.

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

[Fiscal years]

	1966	1975	Percent change
Bushels of grain receiving original inspections (billions)	8.3	9.1	+9.6
Original inspections (millions)	3.6	3.4	−5.6
Supervisory inspections	143,566	61,000	−57.5
Percent of supervisory inspections	3.9	1.8	−53.8
Licensed inspectors	768	815	+6.1
USDA agricultural commodity graders	300	226	−24.7

Supervisory inspections are those in which USDA agricultural commodity graders actually "work" grain samples to determine grade and factors. They are made on samples drawn by USDA employees or by mechanical samplers, or on official file samples in possession of licensed agencies. Supervisory inspections do not include "over the shoulder" inspections nor appeal inspections.

INLAND TERMINALS VERSUS EXPORT POINTS

Mr. DOLE. Mr. President, early in the investigative staff's inquiry, a field office supervisor on temporary loan to New Orleans made the plea, "Don't judge the whole inspection system by what you find in New Orleans. The situation is different inland." The investigative staff did find distinct differences between the export points and the inland points. Certain checks and balances exist at inland points, such as Kansas City, Omaha, and Minneapolis, which do not exist at export locations. The grain trade can better police itself at a grain exchange where the buyer and seller meet face to face to determine the price of a carload of grain based on an official inspection certificate.

At export locations, the elevators, which are generally owned by the company selling the grain, are loading huge quantities into ships to fulfill contracts negotiated earlier by cable, or overseas, or in New York. The exporter has specific contract conditions to meet—not necessarily the same specifications outlined in the Grain Standards Act—and these ships hold a volume equivalent to hundreds of truck or freight cars. He does this by blending—as referred to by the distinguished Senator from North Dakota earlier—which is totally legal. He does this by blending different quantities of grain as the ship is loaded. Export sales are made on "certificate final" conditions and the buyer has little real recourse if he finds, perhaps weeks later, the grain he received did not meet contract specifications.

The opportunity for fraud or other irregularity is much greater at export locations than at inland locations where the quantities traded are much smaller and therefore an immediate appeal inspection is possible as the transactions are being made. Also, much of the grain handled inland goes to large domestic processors who again grade it on receipt and who can quickly identify irregularities in the system when they occur.

MISMANAGEMENT BY USDA

Proponents of S. 3055 tell us that complete Federal takeover of grain inspection is necessary to solve the problems.

I suggest that that is the answer some have for every problem: Let the Federal Government do it. Let the Federal Government regulate it. Let the Federal Government take it over.

The Senator from Oklahoma referred a few minutes ago to a program which has been taken over by the Federal Government, meat inspection, and he inserted in the RECORD an article which appeared in the New York Times on Monday, April 5, bearing the headline "Payoffs to Meat Inspectors Are Found in City Area." So the Senator from Kansas merely points out that whether or not it is a Federal system or a State system or a private system, that does not insure the integrity of the system. There is substantial evidence that the major deficiency is that the Federal Government has not done an adequate job implementing the responsibilities it already has under the U.S. Grain Standards Act.

It seems to me that we should encourage, mandate, and require, where we can, a more adequate job being done by those in charge now, rather than to have a wholly new system and a wholly new blanket over the present system.

Rumors implying malfeasance in grain inspection and bribes being accepted from exporters have been surfacing since, at least 1966, so it is not a new problem.

The USDA Office of Audit in May 1973 completed a nationwide audit of the USDA grain division. The audit indicated that some needed regulations for which the Department had the authority had not been implemented, and delay from taking such action was caused by the pressure of other work with supposedly higher priorities. I suggest, in defense of the grain inspection division, that exports have been increasing, as we all desire, and that makes it more difficult to meet some of the work pressures.

At that time, in 1973, it was suggested that overall management could be strengthened by taking positive and timely action to issue and update instructions, make decisions, and initiate needed action to correct problems involving the grain inspection programs.

The Office of Audit noted in its review that some regulations had been officially postponed by announcement in the Federal Register while others, after publication, had been neither officially postponed nor implemented. Further difficulty had been encountered in getting instructions written and/or released. The overall system for issuing, reviewing, and rescinding instructions was inadequate, and the audit revealed that additional instructions were needed in some areas to provide more uniformity among the 32 different field offices.

During the last 6 months, Federal employees in the field offices indicated that improvement was still needed in the grain division's overall system for issuing, reviewing, updating, and rescinding instructions according to the report of the surveys and investigation staff. There is considerable confusion among field level employees because written instructions are not always available or current, or are difficult to locate, when guidance is needed. Some employees noted that the instructions are ambiguous or legalistic in language, resulting in a lack of uniformity from field office to field office, and inspection point to inspection point in application and interpretation.

Complete Federal takeover of grain inspection is not needed; our present system needs to be tightened up to insure its integrity for all parties. That process has already begun in at least two important ways.

TIGHTENING OF CURRENT SYSTEM

Last fall—the Senator from Minnesota mentioned this in his remarks, and I am certain others may—a number of us, particularly Senator TALMADGE and I, the chairman and ranking minority member of the Committee on Agriculture and Forestry, appeared before the Senate Appropriations Subcommittee and were successful in obtaining $5 million in supplemental appropriations for the Department of Agriculture to increase its supervisory activities during the current fiscal year. That amount of money was appropriated. At the present time, 171 new employees are involved in on-the-job training to become supervisors. A large share of these will be assigned to field offices, such as New Orleans, where major problems have been identified. Mr. President, I ask unanimous consent that the field office assignments of these additional USDA employees be printed in the RECORD.

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

Agriculture's assignment of commodity graders to field offices, Grain Division AMS

Baltimore	5
Beaumont, Tex	5
Cedar Rapids	2
Chicago	6
Duluth	5
Fort Worth	2
Grand Forks	1
Houston	11
Indianapolis	1
Kansas City	4
Minneapolis	2
Mobile	7
New Orleans	75
Norfolk	4
Omaha	3
Peoria	3
Philadelphia	6
Portland	9
St. Louis	3
Sacramento	2
Seattle	4
Spokane	3
Toledo	5
Wichita	3
Total	171

These are in addition to those already assigned.

Mr. DOLE. Second, the U.S. Department of Agriculture has proposed new administrative regulations which will give the Department a stronger hand in dealing with the grain inspection agencies it designates and with members of the grain trade who use inspection services.

REGULATIONS UPDATED IN FEBRUARY

It is my opinion that the new regulations proposed in February 1976 will

clarify and simplify the responsibilities of all those involved in grain inspections.

The proposed changes in inspection regulations would avert potential conflicts of interest by prohibiting ownership of grain inspection agencies by boards of trade or any other similar organizations whose membership includes grain companies or grain company officials; make clear that each grain inspection agency is fully responsible for the conduct of its employees; provide for USDA to temporarily suspend the designation of a grain inspection agency without first affording an opportunity for a hearing. Officials pointed out the suspended agencies would be able to file an answer and have a hearing after suspension and before any permanent revocation of their authorization to inspect grain; provide that AMS approve the schedule of fees each inspection agency charges for its grain inspection services; and require an independent annual audit of how each inspection agency uses the fees it collects.

With respect to buyers and sellers, the new regulations would delete some requirements and change time limitations to make it easier for domestic and foreign buyers to obtain reinspection and appeal inspection. For example, file samples could be used for reinspections and appeal inspections after a ship or other carrier has been loaded or after it arrives at the port of destination.

A present requirement of the seller's approval for use of file samples in reinspections and appeal inspections would be dropped. The new regulation would limit the use of "lake port" certificates when export grain is transshipped through Canadian ports; specify that inspection service could be denied whenever AMS determines that providing it would adversely affect the official inspection system: require export elevators to set up laboratory space or special monitoring equipment for licensed inspection personnel so that they can clearly view loading while performing laboratory tests; allow AMS to require installation of surveillance equipment—including closed-circuit television systems—at export elevators when needed to effectively monitor sampling and the movement of grain in the elevator during loading; and require that, in export inspections, the mechanical sampler be placed near the end of the loading conveyance, unless otherwise approved by AMS. Such approval would only be granted when AMS officials are positively satisfied grain being loaded aboard a ship is the grain which has ben sampled and inspected. The changes will go a long way toward correcting the problems we have identified. These and other regulations, I think, indicate at least a move in the right direction, however belated, by the Department of Agriculture.

BRIBERY AND STORAGE EXAMINATIONS

Of the 58 firms and individuals indicted during fiscal year 1975 and the first quarter of fiscal year 1976 on 287 counts of violations involving grain grading and shipments, 227 of these violations were for either offering or accepting bribes in connection with stowage examinations of ships. This included all indictments in Houston, Tex., and Portland, Oreg., and many of those in New Orleans.

It is not surprising that so many of the indictments have centered around the examination of ships and shipholds. The financial impact of a ship being declared unfit to receive grain is not apparent until all costs incurred and potential losses associated with making the vessel worthy again are considered.

First, the ship line would have to pay to have the holds cleaned, fumigated, sandblasted, chipped, scraped, or painted to correct the objectionable condition. In major ports, such as Houston and New Orleans, when a vessel is not approved to take on cargo, it must return to the end of the line of ships waiting for dock space. Such delay could cause the ship line or other contracting parties to incur additional costs and fees—reportedly as high as $5,000 to $10,000 per day or higher for certain huge bulk carriers—and possible financial losses incident to delay in meeting contracted delivery dates for the cargo.

All considered, the potential loss to a ship line due to its vessel not passing a grain stowage examination is enormous. The circumstances and a system which make it possible to avoid substantial losses by giving a low or moderately paid inspector several hundred or several thousand dollars creates abundant inducement to offer a bribe and a compelling urge to accept. Lack of supervision, lack of uniform instructions, and penalties amounting to a "slap of the hand" further fostered the practice.

It was in this atmosphere that bribes related to stowage examinations thrived.

I was encouraged by the comments by the distinguished senior Senator from North Dakota, reading from the Great Plains Wheat News release, that generally our customers are satisfied. That is the case, as indicated in a letter from the Japanese Embassy, which was made a part of the RECORD, indicating that they are generally satisfied with the grain they receive from the United States.

There is no evidence now available that shows that current prosecutions have lowered the total export sale of grain, although it is said the foreign importers have used the prosecutions in trying to bargain for better prices. Trade sources advise that foreign importers can buy whatever quality of U.S. grain they are willing to pay for, but they are primarily "price" buyers and will pay for only the medium or lower grades of grain.

On the contrary, the U.S. share of world wheat and flour imports by the 20 leading importers rose from 27 percent to 41 percent in the 3 crop years ending in 1975. The U.S. share for corn increased from 51 percent to 69 percent for the same period. For soybeans, the picture is somewhat different. U.S. exports of soybeans to the 20 leading import countries for calendar year 1974 accounted for 80.4 percent as compared to 83.6 percent in 1973, a drop of 4 percent. Although U.S. exports increased they did not increase as rapidly as Brazil's, which was said to be due at least in part to lower Brazilian prices for most of the year.

Mr. President, I ask unanimous consent that tables showing the pattern of exports for wheat, corn, and soybeans be printed in the RECORD.

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

U.S. SHARE OF WHEAT AND FLOUR EXPORTS FOR THE TOP 20 WORLD IMPORTERS

Crop year	Total imported (1,000 metric tons)	U.S share (1,000 metric tons)	Percent U.S. share of total imported
1969–70	36,145	9,327	25
1970–71	34,883	11,308	31
1971–72	36,919	8,366	22
(3-yr total)	(107,947)	(29,001)	(27)
1972–73	54,999	22,863	42
1973–74	48,214	20,696	44
1974–75 (preliminary)	44,787	17,197	38
(3-yr total)	(148,000)	(60,756)	(41)

U.S. SHARE OF CORN EXPORTS FOR THE TOP 20 WORLD IMPORTERS

Crop year	Total imported (1,000 metric tons)	U.S. share (1,000 metric tons)	Percent U.S. share of total imported
1969–70	25,238	15,046	60
1970–71	25,576	11,916	44
1971–72	28,479	13,206	46
(3-yr total)	(79,293)	(40,168)	(51)
1972–73	36,197	26,167	72
1973–74	45,273	33,056	73
1974–75 (preliminary)	40,176	25,146	63
(3-yr total)	(121,646)	(84,369)	(69)

SOYBEAN EXPORTS FROM THE UNITED STATES AND BRAZIL FOR CALENDAR YEARS 1973 AND 1974

[In thousands of metric tons]

	1973	1974	Increase	Percent of increase
United States	13,220	13,941	+721	5.5
Brazil	1,786	2,706	+920	51.5

Mr. DOLE. I hasten to add that I do not suggest that because exports have not fallen, we do not need a tighter inspection system. I offer that to combat some of the misimpressions that somehow our exports have dropped rapidly because of the quality of the grain.

There is other evidence to indicate that foreign buyers are still generally happy with U.S. grain. During the last 2 weeks, a group of importers from Belgium and the Netherlands have been visiting the United States. Their message has been that "by far the majority of the shipments arrive in excellent condition and correspond to what the buyer has ordered." They indicated that buyers had found the United States a very dependable supplier with regard to both grain quality and consistency in marketing. These importers also stated that "foreign buyers continue to express surprise that the United States seems so intent on finding fault with its grain inspection system."

Mr. President, citizens of this country—especially our grain farmers—and our foreign customers deserve a grain inspection system that is honest, efficient, and unbiased. The problems that have been exposed must be dealt with quickly and fairly.

But I believe that a close examination of the problems indicates that the reforms in S. 3055 go much further than necessary. A better approach would be to take favorable action on the amendments that have been proposed, and perhaps others; then, after we have reformed S. 3055 to that degree, send it to conference in hope that we can come up with an improved grain inspection system.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. CLARK. Mr. President, I yield myself 15 minutes.

Mr. President, as we begin consideration of the Grain Inspection Reform Act of 1976, the Senate finds itself faced with a simple and very direct challenge.

It has been almost a year since James Risser of the Des Moines Register first reported on the Federal investigation into grain trade corruption centered in New Orleans. Since that time, we have seen 40 Federal indictments returned, alleging nearly 300 criminal violations of the U.S. Grain Standards Act and related statutes by 61 different individuals and 4 companies. Three of those companies are major grain companies in the United States, major multinational companies. All but 5 of the 61 individuals who were indicted have pled guilty and all 4 companies have pled guilty. In fact, the five individuals who have not yet pled are inspectors whose trials have not yet occurred. It is my understanding that more indictments are imminent.

Under the able leadership of Chairman TALMADGE and Senator HUMPHREY, we have had the benefit in our committee of 10 days of hearings. Indeed, we have heard Federal grain inspectors, we have heard supervisors, we have heard the individuals who have been indicted and pled guilty before the committee. We have had hearings both in Washington and in the field. And we have had the benefit of a special investigating staff on the Senate Committee on Agriculture.

We have seen the results of an exhaustive investigation by the General Accounting Office, an investigation covering 7 months, involving more than 40 GAO staff members and, indeed, costing more than $0.5 million. It is the most complete study of its kind ever undertaken. That is the kind of evidence we are dealing with.

And we have read article after article by Mr. Risser, by William Robbins of the New York Times, and others. Detailing the pervasive nature of corruption in the grain trade. Personally, I have gone to New Orleans, watched the system work at the major elevators, talked to inspectors who admit under oath that misgrading and shortweighing is a regular way of doing business. I have talked with U.S. Attorney Gallinghouse who knows more, perhaps, than any other individual about how this system works.

So we have not come to this legislation lightly. In fact, it is hard to imagine more extensive investigations, more careful consideration of legislation that has come before this body. It is hard to imagine legislation with more evidence in support of its adoption. If there has been a single case or occurrence of corruption which has produced more indictments and more guilty pleas in recent history then I am certainly not aware of it.

We have before us today a bill that squarely addresses the problems that have been so clearly identified: The corruption and conflict of interest, the waste and inefficiency, the incompetence and neglect. S. 3055 has been carefully drafted by two agriculture subcommittees, under the direction of Senators HUMPHREY and HUDDLESTON, and has the support of the majority of the full Agriculture Committee.

Mr. President, this, then, is the challenge the Senate faces this afternoon: Are we to pay heed to the overwhelming preponderance of evidence by thoroughly overhauling our Nation's scandal-ridden grain inspection system, or are we to bow to the pressures of the giant grain companies and their allies by defeating or emasculating this legislation?

Mr. President, the opponents of S. 3055 have charged that this legislation goes too far, that it "uses a shotgun to kill a fly." They point out that criminal wrongdoing in grain inspection has emerged only in New Orleans and other gulf ports, while S. 3055 would reconstruct the entire inspection system.

Perhaps no one is more qualified to answer that charge than U.S. Attorney Gerald J. Gallinghouse, who, along with his assistant, Cornelius Heusel, has spearheaded the Federal investigation in New Orleans. During his testimony before the Agriculture Committee, I asked Mr. Gallinghouse whether he thought this was simply a problem of "A few rotten apples," or whether the system itself was at fault.

He replied as follows:

> Senator, we have given that some very serious thought. We have concluded the fault is within the system. The difficulties that we have experienced are within the system. It would sadden us, as law enforcement authorities, to be frustrated in our efforts to clean up a situation if the same system that has allowed these deplorable conditions to exist for so long is not corrected by reform legislation. . . .
>
> We think there are such inherent conflicts within the system as provided in the U.S. Grain Standards Act and the implementing regulations that you cannot hope that it is going to go away and be solved by law enforcement alone. It is like putting hot poultices on gangrenous parts of a body. That is the way I see it.
>
> Please forgive me for putting it so simply, but I would think that is about it. It requires major legislative surgery to reform the system that we have seen.

That comment, as I say, comes from a person who knows more about the situation in New Orleans, the indictments, the guilty pleas, the convictions, than anyone else in this country. He recommends major reform.

The General Accounting Office report makes clear that the problems we face cannot be viewed solely on the basis of criminal indictments. Those indictments merely have called attention to the major structural weaknesses—as they call it—of the entire grain inspection system.

The distinguished floor manager of the bill, Senator HUMPHREY, has already outlined in detail the deficiencies of our present grain inspection system, and what S. 3055 could do to correct them.

Reduced to its essential elements, the problem is this: Everyone agrees that we must have national standards for grain quality—such standards have been in effect since 1916. But must we not also insure that these national standards shall be applied and adhered to and enforced on a uniform, consistent basis—on a national basis? Must we not also insure that U.S. No. 2 yellow corn will be the same in Iowa and California and Minnesota and Louisiana?

Why should it be different? Why should it be applied differently?

Unfortunately, the House of Representatives has chosen to ignore this essential problem. For reasons never adequately explained, the House Committee on Agriculture turned its back on the recommendations of the GAO report, a report it had requested jointly with our committee. The bill passed by the House would eliminate private agencies from export grain inspection, but it would do little else to change the basic structure of our bankrupt and discredited inspection system. And like an old tire, that system has gone too many miles beyond the point where patchwork solutions might have been effective.

I must say, in listening to the debate already today, I find it somewhat ironic that the critics of a Federal system at the largest inland terminals voted for a Federal system at the ports. Now why is Federal inspection desirable in one place and not the other? I think that distinction has to be made more clearly if that argument is to stand. If it is good to have Federal inspection at the ports—and I

think everyone on our committee voted for it—why should we short-change the major 25 inland terminals?

Well, in spite of the House's action, I am optimistic that if the Senate passes S. 3055, as reported, a Senate-House conference committee would be able to produce a strong and effective reform measure. Then, only one obstacle would remain—the President of the United States.

In my judgment, it is most unfortunate that, in this election year, President Ford has decided to cast his lot with the major grain dealers who, quite understandably, wish to preserve a system which allows them to operate without effective restraint or accountability.

Mr. Ford's position should come as no surprise. His advice, of course, comes from the Department of Agriculture, where strong grain company influence is well known and, indeed, very well documented. It is the same department that consistently has ignored evidence of grain trade corruption, and the musical chairs game that goes on and on between the highest officials of the Department of Agriculture and the highest officials of the major grain companies of this country is well known to all of us.

Little wonder that the position of the Ford administration, even after all we have seen in this past year, is to make a few cosmetic changes in the inspection system and to hire a few more Federal supervisors. Federal supervisors, more Federal supervision, will solve the problem, they claim. Again it seems a little hard to understand how the critics of a Federal system can argue consistently that all we need is a little more Federal supervision to solve the problem.

In my judgment, the administration proposal would only exacerbate the current problems of waste and inefficiency at an increased cost to the taxpayer. But the position of the administration was, perhaps, best characterized by the following passage from the GAO report:

> We recognize that USDA may be confronted with many pressures to maintain a comparative status quo in the organizational structure of the national grain inspection system. Those currently involved in the system do not want to lose their agencies and their incomes. There are concerns also about expanding the Federal bureaucracy and the number of Federal employees at the expense of the States and private enterprise, concerns about problems of finding a sufficient number of qualified staff or hiring currently licensed inspectors who subsequently may have to be discharged as a result of expanding criminal investigations, and other varied concerns and problems about dislocations which would be involved in any transition to a Federal system. We believe, however, that too much of the National Interest is at stake for continued primary reliance on more formidably written Government regulations and procedures backed up by more government supervisors and investigators . . .
>
> The present system with some modifications has been in operation for 60 years and the administration's proposal would retain many of the fundamental disadvantages and limitations of this system. The deeply entrenched and pervasive problems of the past and present will not, in our opinion, yield easily under this system.

Now, this is the General Accounting Office, the investigative arm of the Congress, which did a study at our request, the most exhaustive and complete study ever undertaken on this subject.

Mr. President, I think too much of the national interest is at stake. S. 3055 does not deal only with the parochial concerns of a few farm-State Senators.

It deals with a problem of great importance to our entire economy, for grain is this Nation's No. 1 export commodity—No. 1. In fiscal year 1975, almost $22 billions in farm exports—primarily grain—paid for virtually all the oil we imported, and grain exports alone more than offset our nonagricultural trade deficit. That is how important it is to this country.

But the declining quality of U.S. grain—due in large part to the weaknesses of our inspection system—poses a severe threat to the continued vitality of our export trade. Already, some foreign customers take their business to the United States only as a last resort.

Once again, the General Accounting Office traveled abroad and asked specific questions of our foreign buyers. What is the evidence?

The GAO, as part of its investigation, interviewed 68 grain buyers in 9 foreign countries, and their answers were shocking. Because of the problems of misgrading and short weighing, 6 buyers said they have halted purchases from the United States altogether, while 21 others have made significant reductions. Their message is as clear as its implications to our economy are frightening.

If there are Senators here who believe that our grain trade has not been affected seriously, it seems to me that they ought to deal with the GAO report.

What is the evidence that this report is in error?

We have statistics, we have evidence, we have the interviews.

I know that some countries have indicated that they are satisfied—some buyers.

The Senator from Kansas introduced a letter from the Japanese Embassy confirming their satisfaction with the commodities they buy.

Perhaps one reason that the Japanese are satisfied with the soybeans they buy, which are their major purchase, is that they appeal, automatically, every single soybean that leaves this country because they do not trust the private system.

They have a working arrangement whereby every single load of soybeans is automatically appealed to a Federal supervisor because they have learned the hard way they cannot trust a private inspection system. They believe in a Federal inspection system 100 percent, and that is why their commodities are good.

I have no doubt that our foreign customers are watching with great interest to see whether this Congress is going to act to restore confidence and integrity in the Nation's grain trade.

I want to conclude, Mr. President, by commenting on the charge that S. 3055 somehow represents a massive new intrusion by the Federal Government into the private or State sectors.

A Federal role in grain inspection has been well established for more than 60 years when we established national standards. Yet for all this time, the Federal Government has allowed its duties to be performed by State and private agencies. The result has been chaos—a system riddled with illegality and inefficiency.

Every shipment of grain carries a certificate—a certificate of the U.S. Government—stating the grade, or quality, of that grain. Yet that grade is assigned, not by a Federal employee, but by an inspector whose loyalties often are to the company whose grain he inspects, and not to the United States.

I hope later in the debate we can get into some specific examples about how these grain inspection agencies in many cases were formed, where they borrowed the money to begin, and who they owe their allegiance to.

Do Federal employees have a monopoly on honesty? Of course not. No one who has lived through the traumatic events of the last few years could make that claim, that somehow if one works for the Federal Government he is bound to be honest, he is never going to do anything wrong, or violate any laws. No one maintains that. But a unified inspection system manned by Federal civil servants would almost certainly limit the potential for abuse.

Of course there will be bribes in meat inspections, in grain inspections, in Federal inspections. No one can entirely eliminate that. But certainly we can deal with the conditions that encourage corruption, and that is what we are doing in this legislation.

Are we creating yet another wasteful and expensive Federal program? Clearly, we are not, for almost the entire cost of the system would be paid for by inspection fees. And, as the GAO report pointed out:

> We believe that an efficient and effective Federal system can be developed which would afford ample opportunity for efficiencies and economies not currently realizable under the present system in which Federal supervision overlaps designated agencies, a number of which are operated for profit.

That goes, by the way, not just for private inspection agencies, but some of the State inspection agencies which are also operated for profit.

Mr. President, it would be tragic indeed if the current clamor against the Federal Government were to stand in the way of this much needed reform.

Once again, I believe that U.S. Attorney Gallinghouse most eloquently expressed the need for a Federal grain inspection system when he testified before the Agriculture Committee last September. In response to a question from Senator DOLE, he said:

> You suggested that I seemed to be talking about a federalized system. I want to make it clear, and I think you should know this so you could evaluate my observation, I am not one who believes that the arm of the Federal Government is long enough or strong enough to reach out into every part of the country and solve all the problems. I am not suggesting that the people in federal government have a monopoly on integrity. Basically, my philosophy is if we

can do something through private enterprise, local or State government, we should try to do it and not extend the authority of the Federal Government.

I can tell you this, speaking as a man who has some pretty conservative philosophical viewpoints; and, I have studied government carefully and thoroughly. I have been a State official. I can tell you if I have ever seen anything that requires a national strategy, a national system, a national direction, and a national responsibility, it is in this very sensitive grain-handling area.

Mr. President, as we open this debate, let us remember what is at stake here: not only grain exports, not only farm income, but also the integrity of the American system of doing business.

No one in this country who has studied the problems of our present grain inspection system doubts for one moment that misgrading and shortweighing has become a way of doing business. We have heard witness after witness after witness involved in inspecting, in misgrading and in shortweighing who came before our committee and testified to that effect.

In my judgment, the Grain Inspection Reform Act, S. 3055, would go a long way toward restoring the integrity of a very important part of that system, the grain trade. Our farmers produce the highest quality grain in the world. They should be paid for that quality and we should be delivering that quality in the marketplace. Why should we not?

S. 3055 will help see that we do it, and I urge its adoption.

Mr. President, S. 3055 and the concept of Federal grain inspection has received broad support from farm and commodity groups and in the press. I ask unanimous consent that letters from the National Farmers Organization, the National Corn Growers Association, the National Farmers Union, and editorials from the Des Moines Register, the Cedar Rapids Gazette, the New York Times, the Washington Post, and the Washington Star be printed at this point in the RECORD.

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

APRIL 23, 1976.

Hon. DICK CLARK,
U.S. Senate,
Washington, D.C.

Our national board of directors unanimously supports and appreciates your efforts on behalf of S. 3055 on grain inspection.

We are urging other Senators support you on the floor, April 26th, and resist all amendments. Thanks for your efforts up to this point. We are confident you can pass a good bill and retain some of the strong provisions in conference with the House.

Promise of better supervision by those responsible for current operation is not adequate. The system is faulty and S. 3055 is needed regardless of some selfish regional influences.

Sincerely,

OREN LEE STALEY,
President, National Farmers Organization.

NATIONAL CORN GROWERS ASSOCIATION,
Boone, Iowa, April 21, 1976.

Senator DICK CLARK,
Senate Office Building,
Washington, D.C.

MY DEAR SENATOR CLARK: National Corn Growers Association strongly supports the Grain Inspection Reform Act (S. 3055) as reported to the full Senate by the Senate Agriculture Committee.

When it is considered by the Senate the week of April 26, we urge you to vote for the bill and request that you vote against any weakening amendments.

As important as honest weights and quality certificates are in foreign competition to the U.S. corn farmer who now must export one-fourth of all he raises under the present government policy of "all out production", the U.S. consumer and our government also have a big stake in the $23 billion in foreign exchange that our U.S. agricultural exports earn, since we are importing about $11 billion in food and agricultural products annually from other countries as well as vast amounts of petroleum.

Most sincerely,

WALTER W. GOEPPINGER,
Board Chairman.

NATIONAL FARMERS UNION,
July 7, 1975.

Hon. HUBERT H. HUMPHREY,
U.S. Senate,
Russell Office Bldg.,
Washington, D.C.
Hon. WALTER D. HUDDLESTON,
U.S. Senate,
Dirksen Office Bldg.,
Washington, D.C.

DEAR SENATORS HUMPHREY AND HUDDLESTON: This letter is in response to your recent announcement of further hearings on irregularities in the nation's grain inspection system. I request that it be made a part of the record of hearings which will begin on July 8.

The evidence developed in the hearings of your agricultural subcommittees on June 19 clearly documents the need for extensive corrections in the nation's grain inspection system.

The Farmers Union recommends that a Federally operated grain inspection and grading service should be established immediately with an explicit legislative mandate from Congress. We believe that a Federal system of grain inspection and grading is necessary to correct the shocking corruption and other irregularities which have been so widely publicized in recent weeks.

Our present-day grain market is not only inter-state commerce; it is inter-national commerce. The need and the Constitutional sanction for a unified, uniform, and reliable Federal grain inspection and grading system is beyond question. Farmers need and deserve to know and to believe that the integrity of the grades on which they are paid at markets in the hinterland will be preserved and honored faithfully when the grain is transferred to foreign customers in our ports. We are sick and tired of hearing foreign buyers complain that grain from the United States is delivered to our overseas customers in far worse condition than it was when it left our combines and bins and local elevators.

We further urge that the Committee lend its support to a review of grading standards with a view of up-dating and correcting any inadequacies and deficiencies that may be found. There is a question, for example, as to whether cracked kernels should be regarded as "foreign matter" in No. 2 grade yellow corn. The newer methods of harvesting and drying of grain have resulted in more cracked kernels. Although it is clear that the grading standards need to reflect the extent of cracked kernels, it appears to us that such kernels, which are useable for many purposes, should be differentiated from other kinds of "foreign matter" in the grading of grain.

Sincerely,

TONY T. DECHANT,
President.

[From the Des Moines Register, Apr. 8, 1976]

NOT GOOD ENOUGH

The U.S. House of Representatives has taken a major step toward reform of the grain inspection system by approving a bill to abolish private inspection at export points. The measure takes a tough stand against conflicts-of-interest by private inspection agencies at inland points and addresses other inspection problems.

Much of the corruption in grain inspection has involved the inspection by private agencies of grain for export. The bill's substitution of federal inspection for private inspection is an essential step to restore the image of U.S. grain in overseas markets.

Conflicts-of-interest in private agencies at inland points also are a major source of abuse. The bill tries to insure integrity in the inspection of grain for domestic use by eliminating such conflicts.

But the bill falls short of creating the uniform inspection system needed to eliminate the inaccuracies in grain grading, weighing and sampling that have plagued inspection at export and inland points.

The House bill would eliminate private inspection of export grain but it would allow state inspection agencies approved by the U.S. Department of Agriculture (USDA) to continue inspecting export grain. The General Accounting Office has found that state inspection agencies generally are unwilling "to cooperate fully [with the USDA] in the proper administration of the inspection system," and often "resent . . . federal supervision."

The provision to permit private inspection at inland points would add to the inspection hodgepodge.

The responsibility for supervising the grain inspection system would rest under the House bill with the USDA, even though the department has compiled a sorry record in attacking inspection abuses and inadequacies.

The major weaknesses of the House bill would be overcome by a bill by Iowa's Senator Dick Clark approved by the Senate Agriculture Committee. The Senate bill would federalize grain inspection at all export points and at major inland terminals. Responsibility for the system would rest with a new federal grain inspection agency, which would be largely independent of the USDA.

A federal inspection system run by an agency independent of the USDA offers the best hope of correcting shortcomings in grain inspection.

[From the Cedar Rapids Gazette, Apr. 20, 1976]

GRAIN INSPECTION DEBATE

Iowa's six representatives commendably voted "yea" April 2 when the house passed (246–33) a bill allowing grain inspection by either federal, or state employes at export port locations. But Fifth district Democrat Thomas Harkin did so with strong reservations. "What this bill is like is putting a Band-Aid on a gaping wound," Harkin said. "(It) needs to be strengthened."

While they supported the house bill, farm state legislators generally are hoping the senate produces a stronger bill. Indeed, Iowa's five Democrats supported an unsuccessful amendment which would have given the feds 100-percent control of grain inspection and weighing. (Republican Charles Grassley opposed the amendment.)

Among several other amendments shot down enroute to the consensus agreement was a Harkin proposal to eliminate a "gag rule" provision hindering inspectors from providing information to congress, the media and the public. As passed, the bill makes it unlawful to disseminate any information obtained under the grain standards act without the authority of the agriculture secre-

tary or a congressional committee, unless the person "reasonably believes" unlawful activity has occurred.

Harkin's frustration is understandable. A General Accounting Office (GAO) investigation has shown that grain inspection practices have been so corrupt that they defy moderate reforms. Only by giving public servants purview over grain inspection and weighing can the government rebuild confidence in the American grain market. The more openness there is in reporting, the quicker credibility can be restored.

Whatever grain inspection reform plan rolls off Capitol Hill, it is nearly certain to meet a presidential veto. GAO findings notwithstanding, the administration is convinced that modest reforms are sufficient to eliminate scandal's taint. Under the current system, grain inspectors are licensed by the agriculture department but are hired by state agencies, grain trade associations and private inspection agencies. The administration's bill would apply reform pressure at notorious trouble points, but would stop far short of creating another bureaucratic layer.

It is doubtful that the administration's mild inspection reform plan would rid the system of inherent conflicts of interest. Hence, demands for our nation's products would not be increased. In that light, the President's pitch can be viewed as false economizing. The hope here is that congress bats it down in favor of tough grain expert surveillance.

[From The New York Times, Mar. 9, 1976]

GRAIN SCANDALS

Scandals have disfigured this nation's grain sales to the Soviet Union and other foreign nations. Shipments have included defective and contaminated grain. When cargo ships were hard to get, dirty, ill-maintained vessels have been pressed into service.

These abuses could occur because the inspection system is seriously deficient. Except for state-run inspection systems that vary in size and competence, grain inspectors have been licensed employees of private firms in the grain trade. The opportunities for conflict of interest and corruption were numerous. A spate of indictments suggests some inspectors were quite willing to exploit these profitable opportunities at the expense of foreign consumers and of America's good name.

In the wake of these scandals, Congress has been considering remedial legislation. There is strong support in the Senate for a bill introduced by Senators Clark of Iowa and Humphrey of Minnesota to establish a Federal inspection service at all seaports and at the 25 largest inland terminals. At smaller terminals, the Agriculture Department would be authorized to contract out the inspecting responsibility to the states and to private individuals. These provisions of the Humphrey-Clark bill are in accord with the findings of a General Accounting Office report on the grain inspection scandals in New Orleans and other major ports.

Unfortunately, the House of Representatives is likely to act on this problem first; and the bill now being drafted in final form in the House Agriculture Committee is significantly weaker. It purports to ban conflict-of-interest situations and would permit Federal inspectors to make spot checks on their own initiative without waiting, as they are now required to do, for an appeal by one of the interested parties. But, in deference to the parochial traditions in the grain trade, the bill would allow state inspectors and licensed private individuals to continue to do most of the work as long as they met Federal standards.

The boom in grain exports in recent years caused, in part, by the huge, unanticipated Russian purchases had the unintended effect of calling public attention to some shoddy, indefensible practices. The House cannot blink these disclosures away. A completely independent Federal inspection service, as envisaged in the Humphrey-Clark bill, is essential to genuine reform.

[From The Washington Post, April 17, 1976]

INTEGRITY AND GRAIN EXPORTS

Foreign buyers of American grain, among them some of our closest allies, have been getting what can be fairly described as a dirty deal from the grain exporting system. The pervasive corruption of that system has become an international scandal; buyers who pay premium prices for corn, wheat and soybeans instead receive grain containing gravel, moisture that increases its weight, broken corn kernels and extraneous matter.

Largely because of diligent investigation by the New Orleans U.S. Attorney and newspaper reporters and an extensive international inquiry by the General Accounting Office, the Senate Agriculture Committee reported out a bill last week intended to tighten up on the grain game, action much needed, and long overdue.

GAO investigators visited American grain customers in India, Israel, Italy, Japan, the Netherlands, Spain, Great Britain and West Germany to learn about their experiences with American shipments. They were told by the purchasers that the grain received was consistently lower in quality than what was paid for; that wheat and corn frequently contained foreign matter and showed signs of heat damage; that soy meal was laden with excessive foreign matter and was very low in protein content. Foreign grain importers said the problems they experienced with grain from other countries were minor compared with American grain.

Not all of these problems have their origin in the grain inspection system, but many of them do, which is why the Senate Agriculture Committee's remedies are so important. Many of the grain inspectors, who are the last link between American grain and its foreign ports of entry, are private contractors over whom federal or state supervision could be said to be light. So light in fact is that oversight that GAO was able to identify instances in which the principals in private grain inspection companies were also principals in the grain exporting companies whose output they were charged with judging. Rampant bribery also has been uncovered. The result, inevitably, was a series of practices that cost overseas importers money, sent the foreign grain trade to other markets and embarrassed the United States in the eyes of its allies.

The Senate Agriculture Committee proposes the creation of an independent agency within the Department of Agriculture. It would be called the Federal Grain Inspection Agency and it would be modeled in structure after the Rural Electrification Agency. Its administrator would be appointed for a 10-year term, subject to Senate confirmation, and would work under the general supervision of the Secretary of Agriculture. Furthermore, the firms that sell grain in interstate and international commerce would be required by the act to register and disclose the names of these principal officials. The firms would be certified by the administrator of the grain inspection agency and that certification could be revoked upon a determination, after a hearing, of violation to the grain trading laws.

The new legislation, introduced by Sens. Dick Clark of Iowa, Hubert H. Humphrey of Minnesota, Herman Talmadge of Georgia and George McGovern of South Dakota, all Democrats, would establish federal grain inspection at all major inland grain elevators and all export elevators. The federal inspectors would supplant the private inspectors and the state inspectors who have been handling major interstate and international grain commerce.

The evidence is that these reforms are long overdue. Shoddy practices in the grain trade reflect poorly on a nation of laws and can harm international trade and the domestic farm economy. Naturally, a market that can operate free of government oversight is to be preferred, but the scandal of the grain market demonstrates that it is past that point.

[From The Washington Star, Jan. 26, 1976]

POLICING GRAIN EXPORTS

The General Accounting Office is expected to recommend a network of federally employed inspectors to assure the proper quality and quantity of grain shipped abroad. This would appear to be the surest way of combatting the problem of cheating in the filling of orders for foreign purchases of American agricultural staples.

Recent scandals, particularly at Gulf ports, have involved grain that was subject to certification by privately employed, federally licensed inspectors or by inspectors working for state agencies. Through whatever combinations of venality, conflict of interest and intimidation, the system did not work. Supervision of the inspectors by the U.S. Department of Agriculture was not up to the task. Complaints by foreign buyers that they were not getting what they paid for became a serious embarrassment to this country in its program of building foreign markets for American agricultural products—a big element in our currently healthy trade balance.

The Ford administration says that tougher federal supervision of the private and state inspectors is all that is needed. We are persuaded that a more radical reform is needed, because mere supervision failed in the past and the pattern of corruption has been so pervasive in some grain-shipping areas.

The GAO investigators, answerable to Congress, are reported to have concluded that, for supervision to be effective, a federal supervisor would have to be assigned to watch every inspector. If this is only half true, it would be far more efficient to have the inspection itself done by federal employes beholden only to the government and the public. Even so, stern measures would be necessary to make these inspectors bribe-proof and protect them from pressures to fudge their findings or turn a blind eye to abuses.

The United States' reputation in international commerce is too important to allow it to be damaged further by shortweighting, misgrading and even the deliberate contamination of grain exports. If it takes a closely controlled, all-federal inspection system to put an end to the abuses, this should be provided.

Mr. CLARK. I reserve the remainder of my time.

Mr. TALMADGE. Mr. President, I rise in support of S. 3055. The provisions of this bill are responsive to the demonstrated problems in the U.S. grain inspection system and are the end product of months of hard and intensive work by the Committee on Agriculture and Forestry.

Mr. President, I believe that S. 3055 illustrates that the Congress can conduct an investigation of a scandal in an even-handed, thorough manner and write corrective legislation in a minimum amount of time. The only legitimate purpose of an investigation by the Congress is to gather information needed to write corrective legislation. It is not within the responsibility or the power of the Congress to prosecute criminal acts. It is not the proper role of the Congress to dredge up scandal for no good purpose.

I think that the majority of the American people are tired of the Congress coming up with one exposé after another.

That is why I am glad that the Committee on Agriculture and Forestry conducted an investigation that produced legislation rather than headlines.

Members of the committee first became aware of the possible existence of grave irregularities and abuses within the grain inspection system in late May of last year. We acted immediately at that time to develop appropriate legislative responses to the perceived problem.

Senator HUMPHREY introduced Senate Joint Resolution 88 in June. This emergency legislation would have provided temporary authorities to the Secretary of Agriculture so he could immediately begin taking steps to clean up the system.

At the same time, the committee sought and received from the Senate a very small budget to conduct an investigation of the grain inspection scandal.

We held hearings in June and July on Senate Joint Resolution 88. The committee favorably reported the resolution to the Senate in September, and it was passed by the Senate on September 25, 1975.

By this time, our investigation was in full swing and we had enlisted, along with the Committee on Agriculture of the House of Representatives, the assistance of the General Accounting Office. GAO's cooperation was invaluable to us: they assigned over 40 personnel to help the committee study all aspects of the problem.

Also, during this same time period last summer, I recommended and the Congress approved a supplementary appropriation of $5,000,000 for the Department of Agriculture. These funds were appropriated for the hiring of additional supervisory grain inspectors so that the Department could begin taking steps, under existing law, to correct the deficiencies in the present grain inspection system. Even today, as we consider this reform legislation, the Department has already trained these new supervisors and assigned them to their duty stations.

Needless to say, our first analysis of the seriousness of the situation and our aggressive response later proved justified when, in August of 1975, the bulk of the New Orleans indictments against grain inspectors and grain companies for large-scale theft and corruption were returned.

Over the course of the last winter, the committee continued its work on grain inspection irregularities. We have conducted and have completed, with the outstanding assistance of the General Accounting Office, what I believe is an extremely thorough investigation; without, I might add, any long, drawn-out exercises in the airing of dirty linen that do not serve any valid legislative purpose. Most importantly, the committee has also produced, in a minimum amount of time, a sound bill based on this investigation which provides for a major reform of the grain inspection system.

I have never been a person who believes in massive expenditures of money and effort by the Congress to conduct its investigations. I am happy to note that this investigation was conducted with a minimum cost and with minimum addition of personnel. Rather than hire a huge staff we made extensive use of the investigative resources of the General Accounting Office.

The Committee on Agriculture and Forestry has, I believe, done its part. It has produced major reform legislation for the Senate to consider. It is now for the Senate as a whole to act as decisively as the committee.

This bill is sound legislation calling for substantive changes in the law. Of course, we will have to make concessions and accept some of the provisions of the House bill, H.R. 12572. With its passage here, we will have a strong bill as we go into conference with the House of Representatives. I commend its passage to every Member of the Senate.

The PRESIDING OFFICER. Who yields time?

Mr. DOLE. Mr. President, how much time remains?

The PRESIDING OFFICER. The Senator from Kansas has 37 minutes. The Senator from Iowa has 12 minutes.

Mr. DOLE. Mr. President, I suggest the absence of a quorum, with the time to be equally charged.

The PRESIDING OFFICER. Without objection it is so ordered. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. DOLE. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield.

Mr. DOLE. Will the Senator from Montana enlighten those of us present on the schedule for the remainder of the week?

LEGISLATIVE SCHEDULE

Mr. MANSFIELD. First, let me say that I hope it will be possible to dispose of the pending business today. We have a good turnout on both sides.

Then, following the disposal of the business at hand, though not necessarily in that order, will be Calendar No. 645, Senate Resolution 104, a resolution relative to Select Committee on Small Business; also, Calendar No. 714, S. 3295, a bill to extend the authorization for annual contributions under the U.S. Housing Act of 1937, to extend certain low-income housing programs under the National Housing Act, and so forth.

There will also be Calendar No. 715, S. 3312, a bill to authorize the National Credit Union Administration; Calendar No. 716, S. 2679, a bill to establish a Commission on Security and Cooperation in Europe; Calendar No. 717, H.R. 1226, an Act to amend further the Peace Corps Act; Calendar No. 718, Senate Resolution 406, a resolution on the importance of sound relations with the Soviet Union; Calendar No. 719, S. 1526, a bill to make additional funds available for purposes of certain public lands in northern Minnesota, and for other purposes; Calendar No. 720, S. 2004, a bill to eliminate a restriction on use of certain lands patented to the city of Hobart, Kiowa County, Okla., and Calendar No. 721, S. 2555, a bill to establish a national rangelands rehabilitation and protection program.

Furthermore, I think it should be called to the attention of the Senate that it is anticipated that we will have conference reports on the Federal Election Commission and the foreign aid bill. As soon as the Federal Election Commission conference is ready it will be called up in the Senate and hopefully agreed to, and it is the intention of the joint leadership at that time, if the conference report is agreed to, to immediately go to the naming of the six appointees by the President of the United States to be confirmed by the Senate.

So we have a pretty full dish for this week and next week.

Next Tuesday we will turn to the consideration of Calendar No. 685, S. 3219, a bill to amend the Clean Air Act, as amended.

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

Mr. MANSFIELD. I yield.

Mr. HUMPHREY. What did the Senator list for the Friday session?

Mr. MANSFIELD. Practically the rest of the calendar. It all depends on what progress we make as we go along. If we have no business, we will not be in; but if we have business, we will be in, and perhaps on Saturdays from now on, because, as the distinguished Senator from Minnesota is aware, under the Budget Act, all authorizing legislation calling for appropriations must be reported to the floor of the Senate by May 15.

Mr. DOLE. I thank the distinguished majority leader.

GRAIN INSPECTION REFORM ACT OF 1976

The Senate continued with the consideration of the bill (S. 3055) to provide for United States standards and a national inspection system for grain, and for other purposes.

Mr. DOLE. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. DOLE. 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 47, strike out lines 14 through 21.

On page 47, strike out "z" and insert in lieu thereof "y".

On page 50, line 20, insert the word "and" immediately after the semicolon.

On page 50, beginning with line 21 strike out all down through line 2 on page 51.

On page 51, line three, strike out "4" and insert in lieu thereof "3".

On page 53, line 23, strike out the words "and major inland terminal elevators".

On page 54, line 7, strike out the words "or major inland terminal elevators".

On page 56, lines 4 and 5, strike out the words "and major inland terminal elevators".

Mr. DOLE. Mr. President, on April 14, the Senator from Kansas, together with the Senator from Oklahoma and the Senator from North Dakota, submitted amendment No. 1603, which would delete the requirement that the Federal Government take over inspection at the major inland terminal points. That amendment, as printed, also provided for sufficient increase in fees at ports to cover increased supervision costs and allowed contract and State and private agencies to retain such funds, as needed for day-to-day operation, before submitting the remainder to the USDA to cover supervisory costs.

I have deleted the fee section and have sent to the desk an amendment which would simply delete the requirement that the Federal Government take over inspection at the major inland terminal points. I do this to avoid any possible confusion. I think the issue is clearly drawn. The issue is well understood. There is a strong feeling on each side. The Senator from Minnesota said earlier that it is philosophical. I do not agree that it is political, but it is philosophical.

There has been some suggestion that if it is good enough for the ports, it is good enough for the inland terminals and that we should not deprive the inland terminals of Federal inspection.

The Senator from Kansas refers again to the report by the House Appropriations Subcommittee, by the staff investigating committee, which investigated thoroughly.

There has been a great deal of reference to the GAO report, but I call attention to the report made this past December by the House Investigation Committee of the entire grain grading system, in which they suggest there is a vast difference between the need at port facilities and inland terminals.

The Senator from Kansas can profess to having some parochial interest in this legislation. If that somehow runs against the grain of this body, the Senator from Kansas freely confesses that this will affive terminals. It is because, as the Senator from Kansas attempted to point out earlier, this Senator sees no reason for more Federal regulation and for complete Federal takeover.

There has been great effort in the press and some effort in this body to indicate that everyone in this business is tainted with fraud or suspicion and that to avoid that suggestion, we need a total Federal system. This Senator is convinced that most business people, whether in the grain business or some other business, and most farmers and almost everyone else in this country are men and women of honesty and integrity. We do not need Federal legislation every time something goes wrong or every time some indictment is issued. We should not run to Congress and call for legislation. We have had spokesmen of both parties and Members of Congress talking about less regulation, somehow streamlining the regulatory process and regulatory bodies. But we still have not avoided the impulse to enact more legislation when something happens.

Granted, the U.S. Department of Agriculture has been less than diligent in this matter. It is true of this administration, and it has been true of past administrations, when it comes to grain standards.

There was a time, 8 or 10 years ago, when there was a great hue and cry not only in this country but also abroad about the quality of our exports, and the grain standards were amended and some improvements were made. Exports continue to grow. As the Senator from Minnesota accurately pointed out, they amount to some $21 billion, and it is by far the largest export we have. It should be preserved. It should be strengthened. But in the process, this Senator sees no reason to step out and create another Federal agency. Another amendment will attempt to strike out the need for another Federal inspection system.

The Senator from Kansas makes the point that there is no evidence at the present time, but this Senator does not suggest that everything with respect to the inland terminals is totally clean and above board. There may be abuses; there may be mistakes; there may be certain areas where indictments may be issued. This Senator does not know. At the same time, we find that in our State and in most States, the private inspection systems work well, as do the State inspection systems, and there is no need for some new Federal program.

As the Senator from Oklahoma pointed out, Federal programs and Federal inspection systems are not without fault, and he made reference to the Federal meat inspection program in New York City.

Last fall, Chairman TALMADGE and I appeared before the Senate Committee on Appropriations; and with the help of the Senator from Minnesota, the Senator from Iowa, and other Senators interested in this subject, we were able to obtain $5 million to increase supervisory personnel. This has been of some assistance.

There has been some discussion by the Department of Agriculture of the cost of the Federal takeover. That does not impress the Senator from Kansas. They can come up with all sorts of increases in cost. I do not say that we should have a Federal system because of the cost. I doubt that the USDA figures are accurate, in the first place, because it is difficult to be accurate in this area; that is to determine what the cost may be next year or 5 years from now. We have also had some recent experience with their cost estimates with respect to the food stamp program, which varied $1 billion or $2 billion. I do not suggest that the costs are accurate or that this should be the basis for a decision, because we are entitled and the farmers are entitled and the purchasers are entitled to a system that does provide the best possible quantity and quality.

This amendment simply is to delete that provision which would bring in the inland terminals.

I reserve the remainder of my time.

Mr. HUMPHREY. Mr. President, this amendment is one that was discussed in committee, and it was decided by a close vote. I think that is a fair statement.

I know that the Senator from Kansas wants a good inspection system. And some of the State inspection systems do very well. There are also some of the private systems that have done well. But I think it would be better to have a uniform system among the major 25 inland terminals and the export points. And I will tell the Senate why.

Today, we have more than 100 separate inspection systems, a good deal of duplication, a lack of uniformity of uniformity of standards. The GAO report brought this to our attention. I do not say that the GAO has some kind of unique wisdom in these matters, even though they brought in some good experts to aid them in the compilation of their report and their study.

The GAO found that 41 percent of the country elevator operators—that is, 41 percent of those polled—indicated dissatisfaction with weights and grades they received at the major inland terminals.

So here we have a substantial number of country elevator operators, who are very close to the farm producer, who say that the current system of State and private inspection at inland terminals is not satisfactory and that it has been a source of difficulty and trouble for them.

I indicated a moment ago that the key problem with the present system is that it is being operated by more than 100 separate and unrelated State and private inspection agencies. The Department of Agriculture told us in testimony, in reference to the argument that merely increasing the Federal supervision will improve performance at major inland terminals, that effective supervision would require almost one supervisor for every inspector. In other words, if you had private or State inspection, you would have to have one supervisor for every inspector. I am not sure the Department is right. We have to make a decision as to whether we want a program that has uniformity. The 25 major terminals feed most of this export grain into the export points.

We are not talking about Federal inspection back here, now, in the smaller terminals, but 85 percent of all the grain that moves in international trade comes through these 25 terminals. I think that it is related directly to what happens at the export point, wherever those ports may be.

So, without trying to prolong the argument, I hope that we shall stand with what the bill has in it. Since the export at 25 major terminals in inland areas account for 85 percent of all inspections performed and the elevators at these locations are concentrated at relatively small areas, easy to service, a Federal inspection service covering these areas can provide essentially all service at all the 138 inspection points, some of which are relatively inactive.

We have information of a tentative nature that indicates that there are some problems regarding grain overages at the export points. There also may be implications for the interior points. I have hesitated to put all that information in the RECORD, Mr. President, because I believe that some of the com-

panies may not have had a chance to fully respond. I believe that there ought to be fairness in this debate. However, there are indications from the inspection office, the Office of Investigation of the U.S. Department of Agriculture, that records show that there has been short-weighting of very serious consequence and there have been falsifications of export weight and grade records. I think that the evidence indicates that we ought to take remedial action.

Mr. CLARK. Will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. CLARK. Mr. President, this amendment would delete the requirement that the Federal Government inspect grain at major inland terminals. It would provide that State and private agencies provide inspection at these crucial, intermediate links in our domestic and foreign grain marketing system. The amendment flies in the face of the major recommendations of the General Accounting Office, and the U.S attorney in New Orleans who has brought this corruption to light.

The 25 major inland terminals are a vital link in our commerce in grain. Virtually all grain for export, and a major share of our domestic grain as well, passes through these terminals. There is widespread agreement that we need Federal inspection of grain at export terminals.

As I said earlier, if it is appropriate, if it is the best system at the export points, there is little reason to believe that a system that would work there would not work just as well in the interior areas. I think the GAO report would substantiate that.

The Senator from Kansas has mentioned that the State that he represents has five major inland terminals. The State that I represent also has five major inland terminals—indeed, 10 of the 25 are in those 2 States. That is exactly why I favor Federal inspection at these inland terminals. I think that the State I represent is entitled to the very best inspection possible, and the best inspection possible would be the system that we all agree here needs to be established at the export points.

If Federal inspection is appropriate and important at export points, then it is appropriate to have it here, in our judgment.

Federal inspection is necessary at the major inland terminals as well as at the export points because of the number of problems the GAO has found. GAO found little difference in the high error rates for grain samples taken both in interior terminals and at export points. Inspectors at both face the same temptations and the same pressures, and they operate under the same system.

Mr. President, the export points have been investigated first; naturally, the indictments and convictions to date have been at the export points. But the Federal investigation into grain trade corruption is far from complete. More indictments are expected in the near future that could well involve abuses at the interior markets. There is every reason to believe that the same system that has bred corruption at the ports has had difficulties at the inland terminals as well.

Mr. President, there is widespread agreement that uniform standards are essential to an efficient system of commerce. No. 2 yellow corn must mean exactly the same product everywhere in this Nation, and everywhere overseas where our grain is sold and it must mean the same thing time after time. We must always be able to depend on that. Presently, we cannot. There are over a hundred different systems now in existence—it is a hodge-podge.

The question is, How will these standards be applied? Those of us who support S. 3055 are saying that the grain trade is so important to our economy that we should develop the most specific and reliable set of standards we can, and ensure that those standards are uniformly applied nationwide.

Can we depend on a system of State and private inspection agencies to provide the uniform application we need? That is essentially the system we have now, and the GAO has found that system inadequate and unreliable, and there is a good bit of evidence outside the GAO report.

In proposing this amendment, the argument has been made that, while some individuals have been found to be corrupt, "we must be careful not to indict the system." In effect, however, the system itself has been indicted by the GAO. Their report concludes that it is weaknesses in the system that have led to extensive criminal abuses, and that Federal inspection at both the export ports and major inland terminals is needed if we are serious about correcting the problem. Comptroller General Staats, in his February 20, 1976, testimony before our committee concluded:

> Basically, the problems can be attributed to the way in which the system has been designed to operate, and has operated, through more than 100 widely dispersed state and private agencies and trade associations, without procedures, controls, or lines of authority.

It is certainly true that there are many honest and able people who are employed in State and private grain inspection. But the system in which they operate is woefully inadequate, and it must be replaced. It is no reflection on the honesty of these individuals to point out the difficulties of ensuring uniformity among dozens of private and State agencies.

The fact is that continued reliance upon all these separate agencies makes uniformity virtually unattainable. Can we achieve uniformity when we depend on separate agencies with different administrative systems, rates of pay, and standards of employment and training? Some States, for example, do not have civil service systems; there we have State grain inspectors appointed because of political patronage. Other States and private firms pay so poorly that their employees are especially vulnerable to bribery.

Are these agencies capable of resisting the pressures exerted by some of the largest multinational firms, which stand to gain millions of dollars by a favorable grading decision? There is little reason to think they could resist that pressure. The evidence certainly is on the other side.

Is the State-private system really the most cost-effective system? That would hardly seem possible. It requires a separate level of Federal supervisory personnel—to watch over the inspectors and conduct appeals when their work is challenged. And to do that job well would actually require one supervisor for every State and private inspector. Further, as the GAO report points out:

> Under the present system, grain is often inspected at both origin and destination. The duplicate inspections are often made because buyers and sellers lack confidence in the accuracy and uniformity of inspections at other locations. If a highly reliable inspection service were established at major destination points, the need for origin inspections should diminish. This workload reduction, in turn, would reduce the number of personnel needed.

When representatives of the GAO testified before the Agriculture Committee, they were specifically asked about the need for Federal inspection at the inland terminals. Mr. Eschwege of the GAO responded as follows:

> Our problem, as I have indicated briefly before, is that you still would be dealing with many different agencies, whether they are State or private, and you would not have a unified system. They would all hire their own people at their own salaries that they have established for these people. There would be a lack of uniformity in the way they operate; and this question of rotation which we are talking about, you could not implement rotation except within that State.

In all respects, the evidence is compelling: the private-State system has been inadequate, and will continue to be inadequate. We need Federal inspection at the major terminals. Perhaps Mr. Hirshhorn of the GAO put it best:

> Mr. Chairman, we feel that it is basically a weakness in the system and the same deficiencies that we found at the ports we also found inland. So, we found the same conditions to exist throughout the country. I would like to reinforce the statement of Mr. Eschwege that to look merely at the indictments would be a mistake because it is the weaknesses that exist that are important. It is the indictments that call our attention to it.

A final word, Mr. President, being realistic, we face a very touch conference with the House of Representatives, which unfortunately passed a very weak bill. I do not know what kind of bill will emerge from that conference.

But I do know this: If the Senate should weaken S. 3055 by adopting this amendment, if the Senate should overturn the judgment of the majority of the Agriculture Committee, which has studied this problem thoroughly for almost 1 year, the prospects for getting a decent reform bill out of that conference will be greatly diminished.

After all we have learned about the grain trade in the last year, that would be tragic, and I strongly urge my colleagues to reject this amendment.

I think, in conclusion, that after all we have learned about the grain trade in the last year, it would be tragic, indeed, if we do not maintain the bill which has

been presented to the Senate. I strongly urge my colleagues to reject the pending amendment. I support the bill as it stands, unamended.

Mr. President, one additional point. I would like to insert a story by Mr. James Risser which appeared yesterday in the Des Moines Register.

The proponents of this amendment contend that nothing has gone wrong in the interior. That is very much in doubt.

I ask unanimous consent that the article appear at this point in the RECORD.

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

[From the Des Moines Register, Apr. 25, 1976]

GRAIN PROBE WIDENS—NEW INDICTMENTS EXPECTED SOON

(By James Risser)

WASHINGTON, D.C.—As the U.S. Senate prepares to vote Monday on a sweeping reform of the nation's grain inspection system, a federal grand jury investigating corruption in the export grain trade is reported to be on the verge of issuing more criminal indictments.

In addition, sources here said U.S. Department of Agriculture (USDA) auditors have uncovered evidence that seems to indicate past patterns of "short-weighting" of grain at both export elevators and large inland elevators.

The information was said to have been referred to Justice Department attorneys to determine whether criminal prosecutions are warranted in various parts of the nation.

The forthcoming grand jury indictments are expected at New Orleans, La., where the grain inspection scandal has centered so far. Officials here have been told the indictments could come at any time.

LOOKING AT TWO COMPANIES

The New Orleans grand jury, which already has indicted more than 50 individuals and companies, has been examining operations of Cook Industries, Inc., and Continental Grain Co., two of the giants of the international grain trade.

Investigators reportedly have found patterns of "overages" of grain at New Orleans-area export elevators run by the two firms—that is, more grain than should be in the elevators according to receiving and shipping records.

"Overages" can be an indication that outbound shipments from an elevator have been short-weighted so that less grain is shipped than the buyer is billed for. The short-weighting results in grain, which supposedly has been shipped, remaining in the elevator where is can be sold a second time.

The Register reported last February that possible misweighing of grain at the Continental elevator was under investigation. The Register also reported in June 1975, that records of the Cook elevator seemed to show that the firm had shipped more grain than it possessed.

Gerald J. Gallinghouse, U.S. attorney at New Orleans, declined to discuss any pending indictments. "We have a continuing investigation, and it would be improper for me to comment," he said.

In a letter last week to their Senate colleagues urging approval of a tough grain inspection bill, four Democratic senators said "more indictments are expected in the near future." The letter was signed by Dick Clark of Iowa, Hubert H. Humphrey of Minnesota, Walter D. Huddleston of Kentucky, and George McGovern of South Dakota.

DUE BY EARLY MAY

Other sources confirmed that some indictments are expected by the end of the month or in early May.

Separate indications of misweighing at export elevators in other parts of the country and at major inland grain terminals are contained in studies made by the USDA Office of Investigation and Office of Audit, The Register was told.

"There seems to be a pattern of unaccounted inventory gains, in enormous quantities and at nearly every major company," one source said. The gains, which could indicate shortweighting of shipments, involve "millions of bushels," another source said.

There are said to be indications of misweighing of grain received by inland terminals from farmers and country elevators, as well as misweighing of outgoing grain shipments.

It could not be learned whether any active criminal investigations of the matter are under way.

In its report to Congress on "deeply entrenched and pervasive problems" in grain inspection, the U.S. General Accounting Office (GAO) warned in February that the same potential for abuse exists at inland grain terminals as has been shown at export elevators.

The House of Representatives already has approved a grain inspection bill that federalizes inspection at ports, but gives the USDA the power to delegate the duties to state agencies.

The measure scheduled for debate Monday in the Senate is more stringent. It federalizes inspection at ports and at the 25 largest inland grain terminals, with no provision for delegating the inspection to state officials.

The Senate bill also calls for federal weighting of grain, bars conflicts-of-interest between grain firms and the private inspection agencies that would remain at smaller grain elevators, provides tougher penalties for violations of grain laws, sets up a new grain inspection agency with partial autonomy from the USDA, and requires large grain firms to register with the government and provide information on their ownership.

A group of Republican senators, led by Robert Dole of Kansas, and backed by the Ford administration, has been drumming up support for an amendment that would knock out federal inspection at the big inland grain terminals.

They also want to eliminate the provision for a new inspection agency and remove the company registration requirement.

They are getting support for their amendments from state secretaries of agriculture, from private grain inspection agencies, and from some grain firms.

Also, the American Farm Bureau Federation has written a letter to each senator urging him to "support amendments which would avoid the creation of an essentially all-federal grain inspection system either at export points or interior points."

The Farm Bureau letter, signed by Washington director John C. Datt, says the milder House bill "provides the flexibility that is needed to adjust the inspection system to the conditions prevailing at individual inspection points."

"ABSOLUTELY ESSENTIAL"

In their "Dear Colleague" letter, Clark, Humphrey, Huddleston and McGovern contend the Senate bill, as approved earlier by the Senate Agriculture Committee, "is absolutely essential to restoring the integrity of one of America's most important businesses."

"Much of the controversy," they said, "has centered around the inadequacy of the present grain inspection system, a confused hodge-podge of federal, state, and private inspection agencies.

"The increasing loss of confidence in the inspection system has undermined our reputation abroad as the world's leading—and most reliable—grain export nation," they said.

The four senators have the support of Agriculture Committee Chairman Herman Talmadge (Dem., Ga.), who will be influential in securing the backing of conservative and southern Democrats.

But the Dole forces have been lobbying hard, and a Clark aide said, "A lot of people here don't understand this bill. We're scared of what might happen Monday."

The PRESIDING OFFICER. Who yields time?

Mr. DOLE. I yield 3 minutes to the Senator from North Dakota.

Mr. YOUNG. Mr. President, I can see where there could be considerable uniformity in grades established for corn. We have an entirely different problem for wheat. For example, we may have some sprouted wheat in a sample. That percentage could vary just a little bit; or the dockage could vary just a little bit or the protein could vary just a little bit. Right now there is a premium for hard spring wheat with 16 protein, a premium of 40 cents a bushel over 14 protein wheat.

One machine used by a Federal grader or a local grader could easily vary half a percent or even 1 percent.

The percent of moisture could affect and it does affect the grain grades. The mixture of other grains in a sample of wheat could affect the grade.

So with all these problems and many more, there is no way that I can see where either Federal inspectors or other inspectors can always come up with exactly the same grade in every case.

So I do believe we have a different problem, considerably different problem, with respect to wheat than we do with respect to corn.

In markets like the upper Midwest, to, we have the Farmers Union Grain Terminal Association, a big co-op. They compete with the regular grain commission firms. You have that competition down to the local level. If you do not like one market source, you can go to the other.

In Kansas they have Farm Marco, a very large cooperative. There too, there is strong competition.

So I believe so far as grain handled locally within the United States, we have about as good a system as we can have now.

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

Mr. YOUNG. Yes.

Mr. HUMPHREY. I do not disagree with what the Senator said about the problem of arriving at an accurate standard evaluation. In other words, there are problems of moisture, there are problems of subjective analysis, there are problems of equipment.

I think the argument we are making here, may I say to the Senator, is whether or not the inspection, no matter how it comes out, ought to be conducted by State and private groups, a hundred and some independent agencies, or whether there ought to be a uniform system of Federal inspectors.

I am not saying that Federal inspectors are always better than State inspectors.

I do think it is fair to say, however, that despite the problems of the meat inspection in New York, which is a rather unique situation, that there are very few Members of Congress who do not believe—in fact, they all came to an

understanding, as we passed legislation accordingly—that there should be Federal inspection of all meat plants. We just had to come to it, and we had to come to Federal inspection of poultry plants. We simply had to come to it.

I remember the distinguished former Senator from Delaware, Mr. Williams, and I worked together on the matter of the poultry inspection legislation.

Mr. YOUNG. I just wanted to say this: The Presiding Officer at the present time, Senator BELLMON, is a wheat grower from Oklahoma. I have been in the wheat business all my life. Somehow we do not like too many Federal inspectors when they are not absolutely necessary.

Mr. HUMPHREY. The Senator does not want to have a program without inspection, and he would not want less adequate inspection by State and private than by Federal.

I think we have a question here of who should be doing the inspecting. But I hope we are not saying that we ought not to have the best of standards and not the best of inspection.

Might I say when it comes to rules and regulations, local inspectors, private inspectors, can write as many of them as the Federal inspectors. It is simply a question of uniformity. It is a question of where you might get the better fulfillment of standards.

There is an honest difference of opinion here, a difference of perspective, but I believe that what we found in the meat inspection service over the long run was the necessity of having federalized inspection. There undoubtedly is some slipup from time to time. There is undoubtedly an inspector here or there who might not do his job properly. But I have yet to find anyone in Congress who has advocated over a consistent period of time that we ought to abolish Federal inspection of our meat plants. In fact, what we have had lately is a demand that the inspection be improved at the Federal level.

No one is advocating that we go back to what we once had, for example, even in the intrastate plants, and those have all been federally inspected now both on poultry, pork, and beef products.

Mr. DOLE. Mr. President, the time agreement is 30 minutes to a side; is that correct?

The PRESIDING OFFICER. That is correct.

Mr. DOLE. Mr. President, I will not take but 1 or 2 minutes.

First, I ask unanimous consent that Mr. Warren Sawall of Senator NELSON'S staff be permitted to be present on the floor during the consideration of S. 3055, including all rollcall votes thereon.

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

Mr. DOLE. Mr. President, I appreciate the tenor of the debate. I think there is an honest difference of opinion. As the Senator from Kansas indicated earlier it is, perhaps, one of philosophy. But it is also, perhaps, one of practicality.

Knowing we are going to go to conference, and this provision is not in the House bill, and it would be in the Senate bill, we could come up with something in between. But the Senator from Kansas cannot find anything in between that looks interesting. The Senator from Minnesota may have a different view as weeks progress. He may have a lot of different views in the next few weeks. [Laughter.]

Mr. HUMPHREY. Would the Senator like to spell that out? [Laughter.]

Mr. DOLE. But in any event, there has been some discussion of why we need different rules in inland terminals than we have at export points.

I would only make reference to the staff report, the investigation report, by the House Appropriations Subcommittee chaired by Congressman WHITTEN, where the staff said:

> Don't judge the whole inspection system by what you find in New Orleans. The situation is different inland. The investigative staff did find distinctive differences between the export points and the inland points. Certain checks and balances exist at inland points, such as Kansas City, Omaha, and Minneapolis, which do not exist at export locations. The grain trade can better police itself at a grain exchange where often the buyer and seller meet face to face to determine the price of a carload of grain based on an official inspection certificate. This is also true at a country elevator where the farmer generally has the option of selling or storing his grain depending on his evaluation of the adequacy of the unofficial grades arrived at by the elevator and the current price offered versus future prices less cost of elevation, cleaning, drying, and storage. Or he can take it to another elevator for sale.

If he wants to he can take it some other place, and that is not true at the ports.

Mr. President there is wide support for deleting this provision from the bill. I would point out that I do not suggest that we not listen to our constituents but the National Corn Growers Association, headquartered in Iowa, is for the Clark bill, and I can understand why he would be opposed to striking that out. But it just happens in Kansas the Wheat Growers Association, as well as many others in agriculture, do not want Federal inspection. Therefore, the Senator from Kansas believes it is not in the interest of Kansas, and it is not in the interests of the rest of the Nation.

There may be, as the Senator from Minnesota pointed out, some abuses found at inland terminals. The Senator from Kansas does not know that to be a fact, but I assume this could be. When that happens we can address ourselves to that point.

It just appears to this Senator that we are overreacting. Yes, there has been great abuse and some fraud and some indictments and many have pleaded guilty. That does not mean we indict the entire system. The same has happened in labor unions, and we have not yet indicted the entire system.

There is strong support for deleting this provision, support expressed by the American Farm Bureau Federation, the Midcontinent Farmers Association, Fred Henkel, a very good friend of the Senator from Minnesota; and I suggest that in the interest of getting good legislation, of tightening up the program, of assisting and benefiting the buyers of our products, of our exports, our commodities, and to benefit the trade and the farmers, that we adopt the amendment offered by the Senator from Kansas the Senator from North Dakota, and the Senator from Oklahoma.

ADDITIONAL STATEMENT SUBMITTED ON MR. DOLE'S AMENDMENT

Mr. BELLMON. Mr. President the Dole amendment deletes the Federal inspection at the 25 major inland terminals provision from S. 3055.

Past experience has shown that placing an individual on a Federal payroll does not make him any more honest. The evidence clearly shows that the Federal Government failed in its role as supervisor of the Nation's grain inspection service. It defies reason to now completely federalize the system and reward past failures with total Federal takeover. With only Federal employees involved, a serious question arises as to who will catch the Federal violators in the future.

Under the current system, private and State inspectors grade wheat and feed grains under Federal Government supervision. At Enid, Okla., wheat is graded by private grain inspectors. There are no known violations of the U.S. Grain Standards Act by private inspectors in Oklahoma nor for that matter at any other inland terminal. The General Accounting Office clearly stated that there have been no indictments of grain inspectors or even allegations of corruption at the inland terminals.

Mr. President, under the present grain inspection system, if a private inspector makes an honest mistake grading grain or if he purposely falsely grades grain, the Federal supervisor will catch the inspector that consistently misgrades grain. Under the proposed all Federal system, there will not be anyone to catch the Federal "crooks" or the mistakes of the honest inspectors.

Mr. President, there is no basis to federalize grain inspection in Oklahoma and other inland States based upon corruption of grain inspection in New Orleans and Houston. Grain inspection at the inland terminals has been honest and reliable. There is no good reason to increase the Government bureaucracy when grain sellers and buyers have a dependable inspection system. I urge approval of the Dole amendment.

Mr. THURMOND. Mr. President, the legislation before the Senate today is of paramount importance to American grain farmers and to our foreign grain customers. It is a recognition of the seriousness of past problems with our grain inspection and weighing system primarily associated with the major grain export terminals. In light of the widespread corruption, involving more than 40 indictments of major grain firms and grain inspection officials, it is necessary that Congress and the U.S. Department of Agriculture take prompt, effective steps to restore integrity to the grain inspection and weighing system.

Toward that end, much has already been done. Many of those who have committed criminal violations have been brought to justice. Other suspected wrongdoers are in the process of being brought to trial and investigations are

continuing. Swift and effective punishment for those who run afoul of the law has always been the best method of dealing with dishonesty, bribery and corruption. If justice is fairly metered out to offenders in these instances involving grain inspection, weighing and shipping, I believe it will serve as an effective deterrent to future abuses.

In addition to these judicial actions, USDA has already substantially increased its grain inspection supervisory personnel. These officials are expected to more actively oversee State and private grain inspection agency employees and to resolve appeals by either grain buyers or sellers.

Mr. President, I would also like to commend the Members and staff of the Senate Agriculture and Forestry Committee for diligently pursuing a thorough investigation of the grain marketing system during the past 18 months. Likewise, the General Accounting Office deserves commendation for their investigative work in this area.

Mr. President, I am sure all Members of the Senate desire to do everything necessary to restore integrity to our grain marketing process. We owe that to our hardworking grain farmers, to the buyers of our grain exports, and to those connected with the grain inspection and weighing operations at elevators and terminals throughout the Nation. Yet, Mr. President, I reject the hypothesis that a virtually complete federalization of the grain inspection system and a new, separate Federal bureauracy within USDA are necessary and desirable to accomplish these objectives.

It seems that nearly every time a problem comes to light in this country, Congress feels that it has to pass a new law and create another bureaucracy to deal with the situation. When are we going to learn that bigger Government does not automatically translate into better Government? Past experience should have taught us that more Federal bureaucracy usually adds to our problems.

Despite the seriousness of these grain inspection problems, I am not at all convinced that we need to substitute Federal employees for nearly all private and State agency grain inspectors, or that we need to create a separate Federal Grain Inspection Agency to administer the U.S. Grain Standards Act. The committee bill makes many need improvements in this act, but these particular provisions are without proven need. They would be costly to the taxpayers and would substantially inflate grain marketing costs. Complete federalization of the grain inspection system would remove flexibility that is needed to adjust the inspection system to conditions prevailing at individual inspection points. Federal preemption would also eliminate desirable checks and balances from the present system.

Senators should be mindful of the fact that President Ford has stated his opposition to the kind of complete Federal takeover provided for in S. 3055. Furthermore, the House has already rejected the federalization approach in the bill it passed on April 2, 1976 (H.R. 12572). With these facts in mind, it is my understanding that the Senator from Kansas, Mr. DOLE, will offer several amendments to S. 3055 to more closely conform it to the provisions of the House-passed bill and to the kind of bill that the administration can accept. I urge support for these needed changes.

Mr. President, the Farm Bureau is intimately involved in grain marketing in South Carolina, as well as in other States. This, the largest farm organization, strongly supports effective reforms of the grain inspection system which will prevent future irregularities. However, the Bureau also feels that integrity can be restored to the system without injecting more Federal bureaucracy. I believe the Bureau's position is wise in this instance, and I hope my Senate colleagues will see wisdom in it.

Mr. President, I ask unanimous consent that a letter which I received from the South Carolina Farm Bureau Marketing Association this morning be placed in the RECORD following my remarks.

SOUTH CAROLINA FARM BUREAU,
Columbia, S.C., April 23, 1976.

Senator STROM THURMOND,
Senate Office Building,
Washington, D.C.

DEAR SENATOR THURMOND: It is our understanding that S. 3055, The Grain Inspection Bill, is scheduled on the Senate floor on April 26th. S. 3055 (Humphrey, D-Minn.) would establish a new separate inspection agency and federalize grain inspection at all export points and at 25 inland terminals. Senator Dole (R-Kan.) has proposed (Congressional Record, April 14, 1976) three amendments:

The first amendment deletes the provision for federal takeover at the 25 inland terminals, it allows sufficient increases in fees at ports to defray any unanticipated cost for supervision, and it authorizes contracting state and private agencies to retain fees stipulated in their contract for operating expenses and requires them to submit only fees in excess of that amount to the revolving fund for supervisory costs.

The second amendment deletes the provision for separate federal grain inspection agency.

The third amendment strikes the section providing for registration of all large grain companies and cooperatives as an enforcement measure.

We are greatly concerned over the provisions of S. 3055, and we are opposed to it as presently written. We feel that a federalization of grain inspection would be very detrimental to our Charleston facility operation . . . as well as others. Our present joint state-federal inspection service is working very well, and we desire to keep it intact.

The Dole amendments would not clear-up S. 3055 to an acceptable degree from our standpoint . . . since export facilities, including Charleston would still be federalized from the grain inspection standpoint. However, the Dole amendments would move the bill in the direction of H.R. 12572—the House-passed version. If the Dole amendments are passed the differences between S. 3055 and H.R. 12572 would be greatly reduced except for the federal inspection at export ports. We hope that this difference could be eliminated in the conference committee and that the final bill would conform to the House-passed version.

We urge your support of the Dole amendments as a measure to move toward passage of H.R. 12572. We are unequivocally opposed to the federalization of grain inspection service at any and all points, and need your support in keeping the state-federal program which has proved so successful in our operations.

Sincerely,
SCFB MARKETING ASSOCIATION,
Board of Directors: Ray V. Segars, Jr., President; Wesley K. Wannamaker, Vice President; Heyward Dantzler, Secretary; Harry S. Bell, Walter P. Rawl, O. H. Wienges, Jr., C. A. Harvin, Jr., Milton Clemons, J. Rut Connor, Jr., Parker Bowie, John Nance, William F. Davis, Robert A. Youmans, Henry L. Parr.

Mr. DOLE. Mr. President, I ask unanimous consent that the list of 25 major inland terminals which would have been affected by my amendment be printed in the RECORD at the conclusion of my remarks.

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

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

25 MAJOR INLAND TERMINALS

KANSAS
1. Kansas City
2. Topeka
3. Wichita
4. Salina
5. Hutchison

OKLAHOMA
6. Enid

IOWA
7. Cedar Rapids
8. Davenport
9. McGregor
10. Des Moines
11. Sioux City

NEBRASKA
12. Hastings
13. Lincoln
14. Omaha

MISSOURI
15. Kansas City
16. St. Louis

ILLINOIS
17. Peoria
18. Decatur
19. Kankakee

OHIO
20. Cincinnati
21. Columbus

COLORADO
22. Denver

MINNESOTA
23. Minneapolis

TEXAS
24. Amarillo
25. Ft. Worth

Mr. DOLE. Mr. President, I ask unanimous consent that the names of the Senator from Nebraska (Mr. HRUSKA) and the Senator from North Dakota (Mr. BURDICK) may be added as cosponsors of the amendment.

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

Mr. DOLE. I yield back the remainder of my time.

Mr. HUMPHREY. I do not believe there is any further debate here, and I yield back the remainder of our time.

The PRESIDING OFFICER. All time has been yielded back.

Mr. DOLE. 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 amendment of the Senator from Kansas. 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 Texas (Mr. BENTSEN), the Senator from Delaware (Mr. BIDEN), the Senator from Florida (Mr. CHILES), the Senator from Idaho (Mr. CHURCH), the Senator from Missouri (Mr. EAGLETON), the Senator from Kentucky (Mr. FORD), the Senator from Indiana (Mr. HARTKE), the Senator from Hawaii (Mr. INOUYE), the Senator from Washington (Mr. JACKSON), the Senator from Louisiana (Mr. LONG), the Senator from Washington (Mr. MAGNUSON), the Senator from New Mexico (Mr. MONTOYA), the Senator from Rhode Island (Mr. PELL), and the Senator from California (Mr. TUNNEY) are necessarily absent.

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

I further announce that, if present and voting, the Senators from Washington (Mr. MAGNUSON) and (Mr. JACKSON) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BARTLETT), the Senator from New York (Mr. BUCKLEY), the Senator from Hawaii (Mr. FONG), the Senator from Wyoming (Mr. HANSEN), the Senator from Oregon (Mr. HATFIELD), the Senator from Nevada (Mr. LAXALT), the Senator from Idaho (Mr. MCCLURE), the Senator from Alaska (Mr. STEVENS), and the Senator from Texas (Mr. TOWER) are necessarily absent.

I further announce that the Senator from New Mexico (Mr. DOMENICI) is absent on official business.

I further announce that, if present and voting, the Senator from New Mexico (Mr. DOMENICI), the Senator from Oregon (Mr. HATFIELD), and the Senator from Texas (Mr. TOWER) would each vote "yea."

The result was announced—yeas 36, nays 38, as follows:

[Rollcall Vote No. 151 Leg.]

YEAS—36

Allen	Fannin	Roth
Baker	Garn	Scott, Hugh
Beall	Goldwater	Scott, William L.
Bellmon	Griffin	Sparkman
Brock	Hart, Gary	Stafford
Bumpers	Helms	Stennis
Burdick	Hruska	Stone
Byrd, Harry F., Jr.	Mathias	Symington
Cannon	McClellan	Taft
Curtis	Morgan	Thurmond
Dole	Packwood	Young
Eastland	Pearson	
	Percy	

NAYS—38

Bayh	Huddleston	Muskie
Brooke	Humphrey	Nelson
Byrd, Robert C.	Javits	Nunn
Case	Johnston	Pastore
Clark	Kennedy	Proxmire
Cranston	Leahy	Randolph
Culver	Mansfield	Ribicoff
Durkin	McGee	Schweiker
Glenn	McGovern	Stevenson
Gravel	McIntyre	Talmadge
Hart, Philip A.	Metcalf	Weicker
Hathaway	Mondale	Williams
Hollings	Moss	

NOT VOTING—26

Abourezk	Biden	Church
Bartlett	Buckley	Domenici
Bentsen	Chiles	Eagleton
Fong	Inouye	Montoya
Ford	Jackson	Pell
Hansen	Laxalt	Stevens
Hartke	Long	Tower
Haskell	Magnuson	Tunney
Hatfield	McClure	

So Mr. DOLE's amendment was rejected.

The PRESIDING OFFICER (Mr. CURTIS). The bill is open to further amendment.

May we have order in the Chamber? Will those Senators wishing to converse retire from the Chamber?

Mr. MOSS. Will the Senator yield?

Mr. HUMPHREY. Mr. President, may I take just a moment to yield to the Senator from Utah?

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION AUTHORIZATIONS

Mr. MOSS. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on H.R. 12453.

The PRESIDING OFFICER (Mr. CURTIS) laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the bill (H.R. 12453) to authorize appropriations to the National Aeronautics and Space Administration for research and development, construction of facilities, and research and program management, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. MOSS. I move that the Senate insist upon its amendment and agree to the request of the House for a conference, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. Moss, Mr. STENNIS, Mr. FORD, Mr. GOLDWATER, and Mr. DOMENICI conferees on the part of the Senate.

GRAIN INSPECTION REFORM ACT OF 1976

The Senate continued with the consideration of the bill (S. 3055) to provide for U.S. standards and a national inspection system for grain, and for other purposes.

Mr. HUMPHREY. Mr. President, I believe there are amendments which are ready. Does the Senator from Kansas have his amendment ready?

The PRESIDING OFFICER. The Senator from Kansas is recognized.

The Senate will be in order. The Senator is entitled to be heard.

Mr. DOLE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

The Senator from Kansas (Mr DOLE), on behalf of himself and Senators HRUSKA and BURDICK, proposes and amendment.

Mr. DOLE. 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 83, line 2, strike out "interstate or".

On page 83, lines 3–4, strike out "interstate or".

On page 84, between lines 11 and 12, insert the following: "Persons required to register under this section shall also submit to the Administrator the information specified in clauses (A) through (F) of this paragraph with respect to any business engaged in the business of buying grain for sale in interstate commerce, and in the business of handling, weighing, or transporting of grain for sale in interstate commerce, if, with respect to such business, the person otherwise required to register under this section is in a control relationship."

On page 85, line 12, strike out "interstate or".

On page 85, line 14, strike out "interstate or".

On page 83, line 17, strike out "grain; or" and insert in lieu thereof "grain.".

On page 83, strike out lines 18 through 22.

On page 84, strike out lines 15 through 18, and insert in lieu thereof the following:

"'(3) For purposes of this section, a person shall be deemed to be in a "control relationship" with respect to a business required to register under subsection (a) and with respect to applicable interstate businesses if—'".

Mr. DOLE. Mr. President, S. 3055 as reported to the Senate requires that all persons—with certain exceptions—engaged in the business of buying grain for sale in interstate or foreign commerce, and in the business of handling, weighing, or transporting of grain for sale in interstate or foreign commerce: First, register with the Administrator of the Federal Grain Inspection Agency; and, second, submit certain itemized information to the Administrator.

This amendment would limit the registration requirement to persons engaged in the business of buying grain for sale in foreign commerce. However, any person exporting grain and otherwise required to register would be required to disclose their interest in domestic grain companies if their ownership interest was 10 percent or more.

Mr. President, I have discussed this amendment with the distinguished Senator from Minnesota and the distinguished Senator from Iowa. It replaces amendment No. 1604, which the Senator from Kansas had proposed to offer at an earlier time.

It is my understanding the amendment is acceptable and can be acted upon.

Mr. HUMPHREY. Mr. President, speaking for the Senator from Iowa and myself and very much interested in the bill as amended as we were in the bill, we feel that this amendment, proposed by the Senator from Kansas and others, is a very constructive amendment and will be very helpful, and we are prepared to accept it.

The PRESIDING OFFICER. Is all time yielded back?

Mr. CLARK. Mr. President, I think it strengthens the registration provision; I think it is a good amendment.

Mr. DOLE. Mr. President, before all time is yielded back, the Senator from Kansas said that earlier today we do not object to the thrust of this amendment, but what the Senator from Kansas ob-

jects to and many Members object to is the requirement that everyone who had an elevator and bought a certain amount of grain had to file a report; and this will take care of the so-called country elevators and small elevators all across the country at the same time, satisfying the desire of the Senator from Iowa, myself, and the Senator from Minnesota.

Mr. HUMPHREY. I think it is a good amendment.

Mr. President, I am prepared to yield back the remainder of my time.

Mr. DOLE. I yield back the remainder of my time.

The PRESIDING OFFICER. All time is yielded back.

The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. HUMPHREY. Mr. President, I believe the Senator from Louisiana has an amendment.

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

Mr. JOHNSTON. Mr. President, I have an amendment which I send to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Louisiana (Mr. JOHNSTON) proposes an amendment.

Mr. JOHNSTON. 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 89, line 22, before "State" insert "private inspection agency or the".

On page 89, line 23, after "thereof" insert the following, "at not to exceed maximum rates set by the Administrator."

On page 90, line 15, before "State" insert "private inspection agency or the".

On page 90, line 20, before "State" insert "private inspection agency or the".

On page 91, line 17, before "State" insert "private inspection agency or the".

On page 91, line 22, before "State" insert "private inspection agency or".

Mr. JOHNSTON. Mr. President, what this amendment does is provide to the employees of private industry, whose jobs will, in effect, be expropriated by this amendment, the same protection that employees of State agencies, whose jobs are expropriated, would have under the bill as presently written.

Under the bill as presently written an employee of a State agency, whose job is taken away by the effect of this law, would be entitled to retirement benefits. In other words, he would be able to change over to the Federal Government the same number of years he has with the private agency, provided he pays into the Federal Government the amount of money in his retirement account, his other seniority rights, his right to sick leave, insurance, et cetera.

The bill was silent as to employees of private inspection firms. What this amendment does is simply give to the employees of the private inspection firm that same right, subject to one caveat, and that is that the administrator has the right to set maximum rates pay at which they would transfer over; that is to say, that the administrator need not employ anyone from private industry; he can pick and choose among the employees those whom he wishes to employ, but if he does employ someone, then he must employ him at the same rate of pay that he had under the private inspection firm, provided that he has a right to set a maximum rate so that those who have excessive rates of pay may not be able to transfer over an excessive rate with the Federal Government.

Mr. HUMPHREY. May I say that the reason for that proviso is that in some of the private inspection firms there were individuals who earned $50,000 or $60,000, or more, a year.

Mr. JOHNSTON. That is correct.

Mr. HUMPHREY. What the Senator is saying here is now that the responsible officer, the secretary or the administrators who we have under the bill, has the power to set maximum pay levels.

Mr. JOHNSTON. That is correct.

So, for example, with middle-income people, let us say a man is making $15,000 now with a private firm. If he is employed by the Federal Government inspection agency, then he would be entitled to that $15,000. On the other hand, if he were making $70,000, to pick a figure, then the administrator would have the right to set a maximum rate which, let us say, might be $25,000, and the $70,000 man would not be entitled then to the $70,000 if he were employed.

Mr. HUMPHREY. We have discussed this amendment with members of the committee and also it has been gone over with by our technical people on the staff.

I do not know what the Senator from Kansas feels about it.

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

Mr. HUMPHREY. I yield.

Mr. DOLE. With the addition of the words "not to exceed a maximum rate set by the administrator," it is acceptable to the Senator from Kansas. With that addition we eliminate what could be a very serious problem because, as the Senator from Minnesota properly pointed out, some are making on a commission basis $40,000, $50,000, or $100,000 a year.

Mr. HUMPHREY. It is my understanding the Senator from Louisiana has also discussed this matter with the distinguished Senator from Iowa (Mr. CLARK).

Mr. JOHNSTON. That is correct, and the distinguished Senator from Iowa is in favor of it.

Mr. PASTORE. Mr. President, may I ask this? Out of whose pocket will the pay come?

Mr. DOLE. The taxpayers.

Mr. HUMPHREY. The pay will come out of the fees that will be charged for the inspection service, because ultimately this service will pay for itself. There are charges made for the inspection.

Mr. PASTORE. Until we get to "ultimately," does it mean the taxpayers' money?

Mr. HUMPHREY. Each year there will be fees collected to pay for whatever service is required.

Mr. PASTORE. I see. But you say they could be making $25,000. What if they made it $60,000? Then who pays the bill?

Mr. HUMPHREY. May I say that they could not do that, because that would mean that all the Federal levels would have to come up to that maximum level, and there are rates already established under the classifications of the Civil Service, and those rates would be the maximum.

Mr. PASTORE. Do I understand that we have this guarantee irrespective of this amendment?

Mr. HUMPHREY. That is correct.

Mr. JOHNSTON. That is precisely what the proviso is for. The proviso says this "at not to exceed maximum rates set by the Administrator." So the Administrator sets the maximum rates of pay and cannot go beyond that.

Mr. HUMPHREY. Those maximum rates of pay have to be within the Civil Service system.

Mr. JOHNSTON. It is expected that would be, yes.

Mr. HUMPHREY. Of course. It has to be within the Civil Service Commission.

Mr. PASTORE. Why do we not say consonant with the Civil Service Commission rates? I mean, because the way this amendment is written the sky could be the limit. The sky could be the limit.

Mr. JOHNSTON. No. It says——

Mr. PASTORE. There is no inhibition in going any distance as far as I understand the amendment. So the Senator says not to exceed the top rates predicated by the Civil Service Commission?

Mr. HUMPHREY. So we completely understand what we are talking about, the rates are paid for and there is a schedule for inspectors already set in public law, and there is that maximum rate. What the Senator is saying is what private employees who are presently in the inspection system if brought into the Federal system would be eligible to come up to the maximum rate that is in the current law as to pay scales for inspectors in the Federal inspection system.

Mr. PASTORE. I did not understand the amendment that way.

Is that what the amendment does?

Mr. JOHNSTON. That is correct. In other words, they will be within the Federal structure and within the maximum permissible rates. We do not want someone who is now making $15,000 a year, who has done a good job all the while and wants to come into the Federal system, to be told he has to take a pay cut for the privilege of having his job expropriated and brought over into the Federal service. That is all this does.

We are not trying to take care of anyone at $50,000, $60,000, or $70,000, and that is the reason for the proviso. So the administrator sets the maximum rate.

Mr. PASTORE. Will the Senator read his proviso?

Mr. JOHNSTON. Yes. "At not to exceed maximum rates set by the administrator."

Mr. HUMPHREY. And those rates set by the administrator must be within the salary structure that is applicable under current law relating to Federal inspectors.

Mr. PASTORE. With this understanding, I have no objection.

Mr. JOHNSTON. The administrator need not employ these men as well; so

there is double protection so far as that is concerned.

Mr. HUMPHREY. But if he does employ them, he will employ them in the rate structure, and they will not be penalized simply because they were in the private structure.

Mr. JOHNSTON. That is correct.

Mr. HUMPHREY. I thank the Senator from Rhode Island for his intervention, because it clarified a matter which I think needs legislative history.

Mr. President, on behalf of the committee, I am prepared to accept the amendment as we have discussed it and as it has been specified here, and I am prepared to yield back the remainder of my time. I believe that all other Senators on the committee feel the same.

Mr. JOHNSTON. I thank the distinguished Senators from Minnesota, Kansas, and Iowa; and several hundred employees in Louisiana do the same.

Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time on the amendment has been yielded back.

The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. HUMPHREY. Mr. President, does the Senator from Kansas have an amendment?

AMENDMENT NO. 1605

Mr. DOLE. Mr. President, I call up amendment No. 1605.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

The Senator from Kansas (Mr. DOLE), for himself and Senator YOUNG, Senator BURDICK, and Senator HRUSKA, proposes amendment No. 1605.

The amendment is as follows:

On page 43, strike out lines 17 through 19.

On page 43, line 20, strike out "(c)" and insert in lieu thereof "(b)".

On page 43, strike out lines 22 and 23.

On page 43, line 24, strike out "(e)" and insert in lieu thereof "(c)".

On page 44, line 3, strike out "(f)" and insert in lieu thereof "(d)".

On page 44, line 7, strike out "(g)" and insert in lieu thereof "(e)".

On page 44, line 10, strike out "(h)" and insert in lieu thereof "(f)".

On page 44, line 13, strike out "(i)" and insert in lieu thereof "(g)".

On page 44, line 16, strike out "5" and insert in lieu thereof "4".

On page 44, line 18, strike out "(j)" and insert in lieu thereof "(h)".

On page 44, line 20, strike out "(k)" and insert in lieu thereof "(i)".

On page 45, line 5, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 45, line 7, strike out "(l)" and insert in lieu thereof "(j)".

On page 45, line 8, strike out the word "Agency" and insert in lieu thereof the words "Department of Agriculture".

On page 45, lines 8 and 9, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 45, line 10, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 45, line 10, strike out "13" and insert in lieu thereof "12".

On page 45, line 15, strike out "(m)" and insert in lieu thereof "(k)".

On page 45, line 16, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 45, line 19, strike out "(n)" and insert in lieu thereof "(l)".

On page 45, line 23, strike out "(o)" and insert in lieu thereof "(m)".

On page 45, lines 24 and 25, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 45, line 25, strike out "8, 9, and 11" and insert in lieu thereof "7, 8, and 10".

On page 46, line 3, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 46, line 5, strike out "(p)" and insert in lieu thereof "(n)".

On page 46, line 7, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 46, line 8, strike out "(q)" and insert in lieu thereof "(o)".

On page 46, line 12, strike out "(r)" and insert in lieu thereof "(p)".

On page 46, line 15, strike out "(s)" and insert in lieu thereof "(q)".

On page 46, line 17, strike out "(t)" and insert in lieu thereof "(r)".

On page 46, line 21, strike out "(u)" and insert in lieu thereof "(s)".

On page 47, line 1, strike out "(v)" and insert in lieu thereof "(t)".

On page 47, line 4, strike out "(w)" and insert in lieu thereof "(u)".

On page 47, line 8, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 47, line 9, strike out "(x)" and insert in lieu thereof "(v)".

On page 47, lines 11 and 12, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 47, line 14, strike out "(y)" and insert in lieu thereof "(w)".

On page 47, lines 17 and 18, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 47, line 22, strike out "(z)" and insert in lieu thereof "(x)".

On page 48, strike out lines 9 through 21.

On page 48, line 23, strike out "5" and insert in lieu thereof "4".

On page 48, line 23, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 49, lines 7 and 8, strike out the word "Administrator" and insert in lieu thereof the word "Secretary."

On page 49, line 11, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 49, line 18, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 49, line 22, strike out "6" and insert in lieu thereof "5".

On page 49, line 23, strike out "5" and insert in lieu thereof "4".

On page 50, line 13, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 50, lines 24 and 25, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 51, line 8, strike out the word "Agency" and insert in lieu thereof the words "Department of Agriculture".

On page 51, line 9, strike out "13" and insert in lieu thereof "12".

On page 51, line 10, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 51, line 15, strike out "7" and insert in lieu thereof "6".

On page 51, line 17, strike out "5" and insert in lieu thereof "4".

On page 52, line 15, strike out "8" and insert in lieu thereof "7".

On page 52, line 15, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 52, line 17, strike out "5" and insert in lieu thereof "4".

On page 52, line 18, strike out "6" and insert in lieu thereof "5".

On page 52, line 20, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 52, line 25, strike out "5" and insert in lieu thereof "4".

On page 53, line 2, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 53, line 7, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 53, lines 11 and 12, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 53, line 13, strike out the word "Agency" and insert in lieu thereof the word "Department of Agriculture".

On page 53, line 22, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 53, line 25, strike out the word "Agency" and insert in lieu thereof the word "Department of Agriculture".

On page 54, line 1, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 54, line 8, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 54, line 10, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 54, line 12, strike out the word "Agency" and insert in lieu thereof the words "Department of Agriculture".

On page 54, line 15, strike out "11" and insert in lieu thereof "10".

On page 54, line 16, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 54, line 24, strike out the word "Agency" and insert in lieu thereof the words "Department of Agriculture".

On page 55, line 4, strike out "9" and insert in lieu thereof "8".

On page 55, line 4, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 55, line 5, strike out "5" and insert in lieu thereof "4".

On page 55, line 7, strike out "6" and insert in lieu thereof "5".

On page 55, line 9, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 55, line 17, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 55, line 12, strike out "5" and insert in lieu thereof "4".

On page 55, line 14, strike out "8" and insert in lieu thereof "7".

On page 55, line 18, strike out "5" and insert in lieu thereof "4".

On page 55, line 24, strike out "12" and insert in lieu thereof "11".

On page 56, line 3, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 56, line 7, strike out the word "Agency" and insert in lieu thereof the words "Department of Agriculture".

On page 56, line 9, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 56, line 11, strike out the word "Agency" and insert in lieu thereof the words "Department of Agriculture".

On page 56, line 12, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 56, line 18, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 56, line 22, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 56, line 24, strike out the word "Agency" and insert in lieu thereof the words "Department of Agriculture".

On page 57, line 2, strike out "11" and insert in lieu thereof "10".

On page 57, line 3, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 57, line 14, strike out the word "Agency" and insert in lieu thereof the words "Department of Agriculture".

On page 58, line 5, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 58, line 15, strike out "10" and insert in lieu thereof "9".

On page 58, line 15, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 58, line 21, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 58, line 25, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 59, line 10, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 59, line 12, strike out "11" and insert in lieu thereof "10".

On page 59, line 12, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 59, line 15, strike out "8 and 9" and insert in lieu thereof "7 and 8".

On page 60, line 2, strike out "16" and insert in lieu thereof "15".

On page 60, line 6, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 60, line 20, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 60, line 22, strike out "8 and 9" and insert in lieu thereof "7 and 8".

On page 61, line 7, strike out the word "Agency" and insert in lieu thereof the words "Department of Agriculture".

On page 61, line 9, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 61, line 12, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 61, line 16, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 61, lines 19 and 20, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 61, lines 20 and 21, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 61, line 21, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 61, line 22, strike out the word "Agency" and insert in lieu thereof the words "Department of Agriculture".

On page 61, line 24, strike out "12" and insert in lieu thereof "11".

On page 61, line 25, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 62, line 2, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 62, line 9, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 62, line 12, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 62, line 15, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 62, line 18, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 62, line 22, strike out "12" and insert in lieu thereof "11".

On page 62, line 22, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 63, line 6, strike out the word "Agency" and insert in lieu thereof the words "Department of Agriculture".

On page 63, line 8, strike out "26" and insert in lieu thereof "25".

On page 63, lines 12 and 13, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 63, line 14, strike out the word "Agency" and insert in lieu thereof the words "Department of Agriculture".

On page 63, line 20, strike out the word "Agency" and insert in lieu thereof the words "Department of Agriculture".

On page 63, line 23, strike out "13" and insert in lieu thereof "12".

On page 63, line 23, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 64, line 6, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 64, line 8, strike out the word "Agency" and insert in lieu thereof the word "Secretary".

On page 64, line 23, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 65, line 1, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 65, line 4, strike out the word "Agency" and insert in lieu thereof the words "Department of Agriculture".

On page 65, line 8, strike out the word "Agency" and insert in lieu thereof the words "Department of Agriculture".

On page 65, line 12, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 65, line 15, strike out the word "Agency" and insert in lieu thereof the words "Department of Agriculture".

On page 65, line 21, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 66, line 2, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 66, line 6, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 66, line 8, strike out the word "Agency" and insert in lieu thereof the words "Department of Agriculture".

On page 66, line 11, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 66, line 14, strike out the word "Agency" and insert in lieu thereof the words "Department of Agriculture".

On page 66, line 21, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 66, line 24, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 67, line 3, strike out "14" and insert in lieu thereof "13".

On page 67, line 3, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 67, line 7, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 67, line 19, strike out the word "Administrator" each time it appears and insert in lieu thereof the word "Secretary".

On page 67, line 23, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 67, lines 24 and 25, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 68, line 2, strike out "18" and insert in lieu thereof "17".

On page 68, line 7, strike out "15" and insert in lieu thereof "14".

On page 68, line 7, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 68, line 19, strike out "18" and insert in lieu thereof "17".

On page 69, line 5, strike out "19" and insert in lieu thereof "18".

On page 69, line 5, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 69, line 9, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 69, line 22, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 69, line 25, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 70, lines 3 and 4, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 70, line 10, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 70, line 13, strike out "22" and insert in lieu thereof "21".

On page 70, line 18, strike out "16" and insert in lieu thereof "15".

On page 70, lines 18 and 19, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 70, line 19, strike out "13" and insert in lieu thereof "12".

On page 70, lines 20 and 21, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 71, line 3, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 71, line 5, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 71, line 7, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 71, line 8, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 71, line 13, strike out "17" and insert in lieu thereof "16".

On page 71, line 17, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 71, lines 24 and 25, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 72, line 3, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 72, line 10, strike out "or the Administrator".

On page 72, line 22, strike out "or the Administrator".

On page 73, line 2, strike out "21 and 22" and insert in lieu thereof "20 and 21".

On page 73, line 4, strike out "18" and insert in lieu thereof "17".

On page 73, line 12, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 75, lines 11 and 12, strike out "6, 7, 8, 9, 10, 13, 16, or 17" and insert in lieu thereof "5, 6, 7, 8, 9, 12, 15, or 16".

On page 75, line 24, strike out "19" and insert in lieu thereof "18".

On page 75, line 25, strike out "18" and insert in lieu thereof "17".

On page 76, line 5, strike out "18" and insert in lieu thereof "17".

On page 76, line 10, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 76, line 15, strike out "15" and insert in lieu thereof "14".

On page 76, line 18, strike out "20" and insert in lieu thereof "19".

On page 77, line 2, strike out "21" and insert in lieu thereof "20".

On page 77, line 2, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 77, line 16, strike out the word

"Administrator" and insert in lieu thereof the word "Secretary".

On page 77, line 18, strike out "14" and insert in lieu thereof "13".

On page 77, line 23, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 78, line 11, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 78, line 17, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 79, line 10, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 79, line 17, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 79, line 22, strike out "22" and insert in lieu thereof "21".

On page 79, lines 22 and 23, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 80, line 1, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 80, line 5, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 80, line 10, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 80, lines 17 and 18, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 80, line 22, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 81, line 6, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 81, line 18, strike out "23" and insert in lieu thereof "22".

On page 81, lines 18 and 19, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 82, line 1, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 82, line 6, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 82, line 9, strike out "him or".

On page 82, lines 12 and 13, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 82, line 22, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 82, line 24, strike out "24" and insert in lieu thereof "23".

On page 82, line 24, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 83, line 24, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 84, line 10, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 85, line 4, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 85, lines 10 and 11, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 85, line 15, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 85, line 18, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 85, line 21, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 86, line 1, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 86, line 4, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 86, lines 5 and 6, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 86, line 9, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 86, line 12, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 86, line 14, strike out "12" and insert in lieu thereof "11".

On page 86, line 18, strike out "25" and insert in lieu thereof "24".

On page 87, line 10, strike out "26" and insert in lieu thereof "25".

On page 87, line 12, strike out "21" and insert in lieu thereof "20".

On page 87, line 14, strike out "12" and insert in lieu thereof "11".

On page 87, line 19, strike out "5" and insert in lieu thereof "4".

On page 88, line 1, strike out "12" and insert in lieu thereof "11".

On page 88, line 2, strike out the words "Administrator" and insert in lieu thereof the word "Secretary".

On page 88, line 7, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 88, strike out lines 8 through 12.

On page 88, line 13, strike out "3" and insert in lieu thereof "2".

On page 88, lines 16 and 17, strike out the words "Administrator of the Federal Grain Inspection Agency" and insert in lieu thereof the words "Secretary of Agriculture of the United States".

On page 88, line 22, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 88, line 24, strike out "4" and insert in lieu thereof "3".

On page 88, lines 24 and 25, strike out the words "Administrator of the Federal Grain Inspection Agency" and insert in lieu thereof the words "Secretary of Agriculture of the United States".

On page 89, line 8, strike out the words "Federal Grain Inspection Agency" and insert in lieu thereof the words "United States Department of Agriculture".

On page 89, line 10, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 92, line 3, strike out "5" and insert in lieu thereof "4".

On page 92, lines 5 and 6, strike out the words "Federal Grain Inspection Agency of the".

On page 92, line 10, strike out "6" and insert in lieu thereof "5".

On page 92, lines 13 and 14, strike out the words "Administrator of the Federal Grain Inspection Agency" and insert in lieu thereof the words "Secretary of Agriculture of the United States".

On page 93, line 2, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 93, line 3, strike out "5" and insert in lieu thereof "4".

On page 93, strike out lines 8 through 13.

On page 93, line 15, strike out "8" and insert in lieu thereof "6".

On page 93, line 21, strike out the words "Administrator of the Federal Grain Inspection Agency" and insert in lieu thereof the words "Secretary of Agriculture of the United States".

On page 94, line 3, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 94, line 8, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 94, line 20, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 94, line 23, strike out the word "Agency" and insert in lieu thereof the words "United States Department of Agriculture".

On page 94, line 25, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 95, line 1, strike out the word "Agency" and insert in lieu thereof the word "Department".

On page 95, lines 10 and 11, strike out the word "Administrator" and insert in lieu thereof the word "Secretary".

On page 95, line 14, strike out "9" and insert in lieu thereof "7".

Mr. DOLE. Mr. President, section 4 of S. 3055 provides for a separate Federal grain inspection agency to administer the amended U.S. Grain Standards Act. This amendment would delete the separate agency provision from the bill.

DUPLICATION OF SERVICES

The amendment is offered because a new agency would mean needless duplication of services already under the jurisdiction of the Agricultural Marketing Service—AMS—of the Department of Agriculture.

Duplication inevitably results in needless overhead requiring additional manpower and expense. For example, some functions in the grain and transportation and warehouse divisions in AMS would have to be retained there as well as included in the new agency. Additional administrative costs for this new agency would be at least $1.5 million per year according to USDA. The split proposed would require coordination between AMS and the new agency, even though the two agencies would have different overall responsibilities and program objectives. Inefficiencies which are so prevalent in other areas where Federal programs overlap should be sufficient evidence that it would be unwise to do the same thing in grain inspection.

AMS HAS NECESSARY PERSONNEL

The AMS at present is responsible for several acts which relate to grain. These include the U.S. Grain Standards Act, the U.S. Warehouse Act, the Federal Seed Act, the Plant Variety Protection Act, and certain provisions of the Agricultural Marketing Act of 1946. But a new agency such as one proposed in section 7 would require manpower for three service divisions—personnel, administration, and finance—which are already at least partially available in AMS. Current estimates are that 100 new service personnel would be needed if the Federal Government takes over inspection and weighing activities and administers it through AMS. A new agency would require 160 additional service personnel.

ADDITIONAL BUREAUCRACY

Currently, there are separate grain divisions in a number of the individual agencies in the Department of Agriculture. Each carries out important functions relative to grain. A fourth grain division so isolated would add complexity to the current coordination efforts and decisionmaking. In the future, under this provision, coordination with other commodity functions for efficiency and ef-

fectiveness would necessitate congressional change in the law.

Finally, the Federal Government already has inspection responsibilities for other agricultural commodities such as meat, dairy products, and fruits and vegetables. Experience with these commodities would indicate there is no need to establish a near-autonomous agency for grain, since inspection for other commodities has proceeded with relative efficiency within the current USDA structure.

Mr. President, the Senator from Kansas emphasizes that what we are suggesting is that we stop some of the duplication of the Federal Government. Almost every Member of this body has said at some time in this session that we should cut down duplication, cut down the costs, cut down overhead. At the same time, we trot in with one bill after another to create a new division within an agency or some new agency.

The Senator from Kansas does not believe that a new agency is needed. I am simply suggesting and hoping that the Senate will act in accordance with my suggestion and strike out the provision for a separate grain inspection agency and leave it in the hands of the AMS, the Agricultural Marketing Service. So far as this Senator knows, there has been no complaint about the Agricultural Marketing Service. There is no indication that they would not administer properly whatever law is passed by Congress. It seems to me that it is not in the interest of budgetary responsibility to add another layer.

I reserve the remainder of my time.

Mr. HUMPHREY. Mr. President, again, this is a matter that was discussed in committee; and like most of the provisions in this bill that have been controversial, there is merit on both sides of the question.

The reason why the committee finally came down for the separate, independent, or autonomous administrator for grain inspection is because of the history of grain inspection activities within the Agricultural Marketing Service.

So that our colleagues may understand, as the Senator from Kansas has stated, the Agricultural Marketing Service has inspection responsibilities over a number of commodities. But it should be noted that the AMS was very derelict insofar as the inspection service was concerned with respect to grain. That record speaks for itself. The Agricultural Marketing Service is basically a very good instrumentality of our Department of Agriculture. But when it came to its inspection responsibilities for grain, which is by far the largest export commodity, it did not fulfill its responsibilities as we have every right to expect it should have.

It should be borne in mind that of the $21 billion of exports of American agricultural products for last year, $12.4 billion to $13 billion was in the field of grain alone, and this is a very big responsibility.

What we have proposed in this bill would not add many new Government officials. We are proposing a reorganization within the Agricultural Marketing Service. We are proposing an administrator for the purpose of grain inspection and weighing along the lines of the Administrator for rural electricity. The REA Administrator is appointed by the President, and his nomination is confirmed by the Senate. He would have a special, autonomous relationship within the Department of Agriculture, under the general supervision of the Secretary of Agriculture; but his nomination must be brought to the Senate, and there must be hearings and confirmation. He is accountable to Congress because of his very special functions in the field of REA, and this administrator would be accountable to Congress because of the unique problems to relate to grain inspection. It would be a reorganization within the Department of Agriculture, establishing an administrator for grain inspection, the Federal Grain Administrator. That man and his division would have the sole responsibility for establishing the training, for establishing the recruiting, for establishing the supervision of all Federal inspection employees. That administrator would have the responsibility to Congress to give us periodic reports, as I indicated in my opening statement, so that we would know what the compaints are, so that we would know how those complaints were being disposed of and how they were being reconciled or settled. We would have a much better control over the situation.

While I recognize that the Senator from Kansas would like to leave it in the AMS as now constituted, I think that to do so would be to fail to come to grips with what has been developed as a very serious problem of supervision and inspection. In the bill as written, this administrator will have many responsibilities. He will have responsibilities for terminal elevators. He will have responsibility for the export ports. He will have responsibility for recruitment and training, for supervision. He will have responsibility for the promulgation of regulations that will relate to the smaller elevators, where there are private inspectors as well as State inspectors.

I believe we need an administrator who is independent, who is able to do his job without any political interference, who has a responsibility to the farmers, who has a responsibility to the export markets, who has a responsibility to our foreign customers, and, above all, who is accountable to Congress.

I hope that the amendment of the Senator from Kansas will be rejected.

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

Mr. HUMPHREY. I yield.

Mr. CLARK. Mr. President, this amendment would delete from the bill the provision for a separate grain inspection agency. It would leave the administration of this critically important grain inspection function in the Department of Agriculture. Let us look at the justifications that have been offered here on the floor and in the report for striking this separate agency.

One reason that has been given is that this separate agency would cause needless duplication of services that are already provided by the Agricultural Marketing Service of the Department. Proponents argue further that "a fourth grain division in the USDA, so isolated, would add complexity to the current coordination and decisionmaking functions." They argue further that experience indicates no need for a separate agency for grain, since inspection of other commodities has proceeded with relative efficiency within the current structure. Let us analyze those very briefly.

Is anyone persuaded that we need no separate agency for grain inspection because inspection of other commodities has no such agency? There is in fact a separate agency for meat and poultry inspection. This service also was once in AMS and was shifted to a new agency, the Animal and Plant Health Inspection Service, several years ago.

The proponents of the amendment are fearful of duplication and overlap. Mr. President, we are attempting to take forceful and meaningful steps to deal with a system ridden with scandal and incompetence. To do so, it is necessary to elevate the importance of this function so that it is a full-time responsibility of a high Federal officer, one who has access to the Secretary and to the Attorney General, if necessary, and who, in turn, is accessible and responsible to Congress, as the manager of the bill has indicated. This responsibility if far too great to be left to middle management in one of the vast bureaus of the USDA.

If we are serious about this effort to restore credibility to the U.S. grain trade, we need an agency with the kind of independence necessary to enforce the law in this very sensitive area. Mr. President, we have not had such enforcement in the past. That is clear. We need it badly, and we shall never get it if we delegate grain inspection to the depths of the bureaucracy, as AMS has done and as proponents of this amendment would do.

It is instructive, in fact, to look at how far down the chain the Secretary of Agriculture has delegated responsibility for grain inspection, even today, more than a year after the system was found to be full of scandal and incompetence. One would think he would pull that responsibility into his own office, to be sure that it is now, at least, being properly done. He has not. In fact, let us look to see where the responsibility in the present system really lies.

First, the Secretary now delegates that authority to the Assistant Secretary for Marketing and Consumer Services, who, in turn, delegates it to the Administrator of the AMS, who, in turn, delegates it to the Director of the Grain Division, who in turn, delegates it to the chief of the Grain Inspection Branch, who is supposed to do the job. So grain inspection is now four steps removed from the Secretary's office. Mr. President, after all we have seen, and given the critical importance of the grain trade to our economy, that is just not good enough. Grain inspection must be the sole concern of a new agency.

The proponents of this amendment say the agency would be a vast new bureaucracy. In fact, it would have a charter similar to the REA, as Senator HUMPHREY has said, which has worked very well for more than 40 years. Many members of the new agency would be employees of the USDA in any case, trans-

ferred from the present Grain Division. The cost would be similar, either with or without the new agency. We are not creating any new bureaucracy. We are simply instituting a sensible and essential reorganization in the USDA to handle new authorities and deal more effectively with this critical area.

So, Mr. President, we must remember that grain is, by far, our most important export commodity. It is by far our most troubled commodity. It clearly deserves the special attention that only a separate agency can provide. I strongly urge the defeat of this amendment.

Mr. DOLE. Mr. President, this amendment was considered in the committee. As the Senator from Kansas suggested, in line with the previous statement of the Senator from Iowa, if it is so good for the ports, it ought to be good for the inland terminals. If it is so good to have a separate grain inspection agency, we ought to apply it to rice, cotton, and tobacco. I do not want to apply it just to the wheat States. I want to apply it also to the rice States, the cotton States and the tobacco States. Maybe we ought to apply it to potato States also.

It seems to me, as was said at the outset, that the current organization of AMS, I think, offers the most economical and functional unit possible.

The Department of Agriculture—and I do not suggest they are always right, but neither are they always wrong—suggests that if we do this, we are talking about 5 new divisions: 2 program divisions, weighing and inspection, and 3 service divisions—personnel, administrative services, and financial services—as well as special staffs. To do this, we are going to add at least 160 new personnel.

Assuming that everything is as bad as the Senator from Iowa says it is, and I doubt that, but assuming everything in the grain inspection service is as bad as the Senator from Iowa suggests, we hope to correct it by passing this legislation. It should be tightened up, it should be strengthened. But it is not the disaster painted by the Senator from Iowa.

If we are going to revamp every agency and every department every time somebody is indicated, we are going to spend all of our time in this Chamber changing everything in Government and some things outside of Government. If it is such a great idea to have such an agency as a separate grain inspection agency, then the Senator from Kansas will offer an amendment to let it apply to rice, tobacco, cotton, and everything else in this country.

I find that sometimes we are accused of protecting our parochial interests. It seems to this Senator that it is about time to protect some of the interests from more and more Federal Government. Here we have a classic example of a problem which we are trying to meet by the creation of another agency. The Senator from Kansas does not read that to the trend in America today or the philosophy or attitude of the American people. But it still prevails by a very narrow margin, as I look at the last vote in this body.

I hope that the amendment will be adopted.

I share the view of the Senator from Iowa (Mr. CLARK), and certainly Senator HUMPHREY, Senator BELLMON, and some of the other members of the committee, that we need to tighten up the system. We want to prevent abuses and fraud, protect the producer, protect the consumer, and protect the buyer overseas. But I am not willing to collapse because there have been some indictments and let the Federal Government do everything. It just does not seem possible for this Senator to paint such a rosy picture of what we can accomplish if we establish just one more Federal agency, when we have probably gotten to the root of the problem.

The difficulty now is that there have been so many different divisions and agencies within agencies and departments within the Department of Agriculture that that is probably the difficulty today. Let us not create another one. Let us give everyone a chance at least to improve the present program or improve the legislation which passes Congress and is signed by the President.

As this Senator said earlier. President Ford said recently in his speech in Texas—and he makes a number of those speeches in Texas these days—that he would veto S. 3055 in its present form, the so-called Humphrey-Clark bill. I commend President Ford for that. He wants to tighten up the system; we all want that. But let us not, in the process, create another Federal bureaucracy.

I yield back the remainder of my time.

Mr. HUMPHREY. May I say to the Senator, I do not want to get into an argument here about what President Ford is going to do. He has had plenty of time to do a lot about that inspection system. But we will debate that in time.

I love to argue with my friend from Kansas. He is a brilliant speaker, a tremendous advocate for his party's point of view. It is just too bad he does not have more facts on which to base the rhetoric. But on the basis of what I just said, and the Senator is willing to yield back the rest of his time, if it will expedite the action of the Senate, I yield back my time.

The PRESIDING OFFICER. Is all time yielded back?

Mr. DOLE. Mr. President, I share the sentiment expressed by the Senator from Minnesota. But he said we will debate later. Let us debate now. He may not be here later.

Mr. HUMPHREY. I shall be here.

Mr. DOLE. The Senator may be running.

Mr. HUMPHREY. I am not even walking now.

Mr. CLARK. 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 amendment of the Senator from Kansas. 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 Texas (Mr. BENTSEN), the Senator from Delaware (Mr. BIDEN), the Senator from Florida (Mr. CHILES), the Senator from Idaho (Mr. CHURCH), the Senator from Missouri (Mr. EAGLETON), the Senator from Kentucky (Mr. FORD), the Senator from Indiana (Mr. HARTKE), the Senator from Hawaii (Mr. INOUYE), the Senator from Washington (Mr. JACKSON), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Louisiana (Mr. LONG), the Senator from Washington (Mr. MAGNUSON), the Senator from New Mexico (Mr. MONTOYA), the Senator from Rhode Island (Mr. PELL), and the Senator from California (Mr. TUNNEY) are necessarily absent.

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

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

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BARTLETT), the Senator from New York (Mr. BUCKLEY), the Senator from Hawaii (Mr. FONG), the Senator from Wyoming (Mr. HANSEN), the Senator from Oregon (Mr. HATFIELD), the Senator from Nevada (Mr. LAXALT), the Senator from Idaho (Mr. MCCLURE), the Senator from Alaska (Mr. STEVENS), and the Senator from Texas (Mr. TOWER) are necessarily absent.

I further announce that the Senator from New Mexico (Mr. DOMENICI) is absent on official business.

I further announce that, if present and voting, the Senator from New Mexico (Mr. DOMENICI), the Senator from Oregon (Mr. HATFIELD), and the Senator from Texas (Mr. TOWER) would each vote "yea."

The result was announced—yeas 34, nays 39, as follows:

[Rollcall Vote No. 152 Leg.]

YEAS—34

Allen	Fannin	Pearson
Baker	Garn	Percy
Beall	Goldwater	Roth
Bellmon	Griffin	Schweiker
Brock	Hart, Gary	Scott, Hugh
Brooke	Helms	Scott, William L.
Burdick	Hruska	Stafford
Byrd, Harry F., Jr.	Javits	Taft
Case	Mathias	Thurmond
Curtis	McClellan	Weicker
Dole	Morgan	Young
	Packwood	

NAYS—39

Bayh	Hollings	Nelson
Bumpers	Huddleston	Nunn
Byrd, Robert C.	Humphrey	Pastore
Cannon	Johnston	Proxmire
Clark	Leahy	Randolph
Cranston	Mansfield	Ribicoff
Culver	McGee	Sparkman
Durkin	McGovern	Stennis
Eastland	McIntyre	Stevenson
Glenn	Metcalf	Stone
Gravel	Mondale	Symington
Hart, Philip A.	Moss	Talmadge
Hathaway	Muskie	Williams

NOT VOTING—27

Abourezk	Fong	Laxalt
Bartlett	Ford	Long
Bentsen	Hansen	Magnuson
Biden	Hartke	McClure
Buckley	Haskell	Montoya
Chiles	Hatfield	Pell
Church	Inouye	Stevens
Domenici	Jackson	Tower
Eagleton	Kennedy	Tunney

So Mr. DOLE's amendment (No. 1605) was rejected.

Mr. HUMPHREY. Mr. President, I

move to reconsider the vote by which the amendment was rejected.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I send an amendment to the desk on behalf of myself, Senator BURDICK, and Senator HRUSKA and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. DOLE. Mr. President, I ask 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 93, line 24, strike out "six months" and insert in lieu thereof "one year".

Mr. DOLE. Mr. President, I think the Senator from Kansas can say this in one sentence. This amendment would simply lengthen the period for the enactment of the federalization of inspection at all ports from 6 months to 12 months.

It occurs to the Senator from Kansas that the present provisions of S. 3055 pertaining to the federalization of inspection and weighing at all ports would become effective in October or November during the feedgrain harvest. Mr. President, there is genuine concern that transition to Federal inspection and weighing at that time could provide considerable confusion and possibly costly delays that would force down the prices paid to farmers.

For years, during harvest periods, whether wheat or feed grains, we have all seen the shortage of boxcars and other transportation equipment. If this transition to Federal jurisdiction should further complicate such delays, it could be disastrous to farm prices. My amendment would merely delay enactment of this federalization for an additional 6 months in order to assure an orderly transition and I would hope the Department of Agriculture would see to it that the transition would be accomplished as early next year as possible between the two harvest periods.

Mr. HUMPHREY. Mr. President, this amendment has a value in the sense that the 6-month period might interfere with the harvest.

We will take this amendment to conference. I want the Senator to understand that it may be necessary for us to alter that amendment in conference. But the purpose of the amendment, I think, is very legitimate.

Mr. President, I yield back the remainder of my time.

Mr. DOLE. I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment of the Senator from Kansas.

The amendment was agreed to.

Mr. CRANSTON. Mr. President, the Grain Inspection Reform Act of 1976, S. 3055, is a good bill overall. It makes major needed reforms in our grain inspection system which has been characterized recently by the General Accounting Office as: First, operating without effective controls, procedures, or lines of authority; second, tolerating conflicts of interest between grain inspection and merchandising operations; and third, not responsive to the limited Federal supervision currently provided by the USDA's Agricultural Marketing Service.

Grain exports are a major factor in the U.S. balance-of-trade position. During fiscal year 1975, U.S. exports of grain subject to inspection totaled $12.5 billion.

The GAO has further noted:

Weaknesses in the national inspection such as intentional misgrading of grain, system have led to extensive criminal abuses, shortweighing, and using improperly inspected carriers. Disclosure of these matters in the world press and in congressional hearings has resulted in an erosion of confidence in the system in the United States and internationally.

I believe it is especially important that the Senate take action today that can end the past abuses and restore national and international confidence in our grain inspection and export system. I will, therefore, vote for the committee bill.

I do have, however, one major reservation about S. 3055 as reported by the Senate Agriculture Committee. I believe that provision should be made to authorize the continuation of State inspection programs, under Federal supervision if necessary, where those programs are shown to be more economical and efficient. California's inspection system has worked well for our State and for export grain flowing through California.

The director of the California Department of Food and Agriculture, Mr. L. T. Wallace, has provided me information showing that total Federal takeover would cost more than allowing a continuation of the State inspection system in California. For example, California's inspection fees are in most cases considerably below those charged by the USDA:

	USDA	*California*
Hopper cars	$15.00	$8.00
All other rail cars	10.00	6.00
Truck lots	9.00	4.50
Submitted samples	6.00	3.00
Ship lots per 1000 bushels (corn)	2.25	*2.24
Hourly services	12.20	10.00
Hourly services, overtime	18.30	12.00

*$.08 per ton converted to bushels.

This adds up to an increased cost for a total Federal takeover in 1975–76 of $460,000. If the Federal takeover were to affect only export locations—excluding inland terminals—the increased cost would still amount to $325,000. While this figure is not, standing alone, an overwhelming cost increase, it nevertheless points to an important consideration in resolving this important issue of assuring renewed confidence in our grain inspection systems. I believe that the State of California has conducted an efficient, economical, and uncorrupt State inspection system and that provision should therefore be given, in the conference, to retaining the use of existing State inspection systems in cooperation with the new Federal inspection system established by S. 3055.

Mr. HUDDLESTON. Mr. President, S. 3055, the Grain Inspection Reform Act of 1976, responds to a set of serious problems that endanger our grain trade.

Anyone who has followed the press reports or the hearings of the past year knows that there are problems which simply must be rectified in order to put our grain trade back on the right track.

My Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices has held joint hearings with Senator HUMPHREY's Subcommittee on Foreign Agricultural Policy into the grain inspection scandal. Having been involved in the investigations from the beginning, I can say with certainty that this legislation is the result of extensive, exhaustive, and at times exasperating efforts by the committee.

No one appreciates the difficulties of finding solutions to marketing system problems more than I do. As chairman of the Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices, I have devoted untold days to hearings, field investigations, and study into the intricacies of the overall agricultural marketing system.

Two years ago my subcommittee began looking at grain marketing systems from the country elevators in Minnesota and the Dakotas; to the inland terminals at Kansas City to the ports on the gulf. We held field hearings in Colorado, Texas, and Kentucky where we examined the production, processing, and distribution sectors at first hand.

The overall marketing system for agriculture is a hallmark of efficiency. However, the lesson I learned time after time is that this efficiency occurs only when there is market integrity. Fairness, honesty, and consistency are imperative at every stage of the marketing channel to achieve the efficient marketing of any product.

Producers, brokers, and buyers must all have faith in the grades and standards. They must be able to count on consistency in the application of those grades and standards and consistency in weights and measures.

Unfortunately this vital ingredient has been lost in our grain trade. Example after example of impropriety has been demonstrated in grain inspection, weighing, and marketing. S. 3055 will respond to these problems by:

First, instituting Federal inspection and supervised weighing of all grain exports and at the largest inland terminals.

Second, establishing a Federal Grain Inspection Agency in USDA. The administrator would be appointed by the President with the advice and consent of the Senate.

Third, providing for the elimination of actual and potential conflicts of interest in the inspection process, and for tough new civil and criminal penalties for violations of the act, and

Fourth, requiring large grain companies to provide for the first time basic information on their ownership and operations.

The proposed legislation is comprehensive. However, the grain trade system involved is complex; the problems as varied as the system is complex. And, bandaids are inadequate where compound fractures are evident.

The critics are arguing that this is further encroachment by the Federal Government on private enterprise. They suggest that the legislation seeks to destroy the profit motive which is the driving force of our economy. They suggest that we are vindictively punishing hundreds of hard-working, honest people.

Mr. President, I respect the profit motive but we must recognize that an unregulated profit motive can lead men and corporations into temptation, and beyond, as our investigations show.

Admittedly, this bill would displace a few private grain inspection firms. But, the State programs and personnel that would be displaced would in all likelihood be transferred to Federal service.

Finally, I want to stress the basic propriety of Government inspection because of the great disparity in economic power between the giant grain companies and our agricultural producers. They are not equal. The producers cannot expect equitable treatment without a neutral intermediary.

The idea of unfair competition finds its origins in the free enterprise sector, not in the Government. Today we have unfair competition in the grain industry because of unequal market power. This threatens the integrity of the entire grain system. It must not be allowed to prevail and thereby undermine the cases of free enterprise in that system.

Mr. President, I believe that S. 3055 is absolutely essential to restoring the integrity of one of America's most important businesses—the grain trade.

I urge my colleagues to support this legislation.

THE URGENT NEED FOR GRAIN STANDARDS LEGISLATION

Mr. McGOVERN. Mr. President, the legislation we are considering today did not come before this body in any hasty or ill-conceived manner. More than a year ago the Senate Committee on Agriculture and Forestry, principally through the efforts of the senior Senator from Iowa (Mr. CLARK) who journeyed to New Orleans for personal investigations, and the temporary legislation (S.J. Res. 88) introduced by Senator HUMPHREY and subsequently passed by the Senate, brought heavy focus to a problem of outlandish abuses in the inspection of grains. These abuses were bringing shame on our national reputation as an international shipper of agricultural commodities and reflected unfavorably on the integrity of the product of American farmers who have long been the envy of the civilized world.

During this period the Nation's attention was continually focused on the enormity of the problem largely through the able investigative reporting of James Risser of the Des Moines Register and William Robbins of the New York Times, two respected reporters writing in widely read newspapers. To add to the compendium of evidence of widespread corruption in the grain trade, the General Accounting Office on February 12, 1976, issued a report of the Comptroller General entitled "Assessment of the National Grain Inspection System" upon which the legislation we are considering today was largely based. Efforts to further underscore the need for action were undertaken by the Senate committee in establishing a special task force which went to New Orleans and conducted countless interviews which served as the basis for the committee hearings earlier this year.

As a result of this exhaustive background, Senator HUMPHREY, Senator CLARK, the distinguished chairman, Senator TALMADGE, and I introduced S. 3055. It was carefully considered in committee before being reported to the Senate.

Mr. President, last year we exported nearly $23 billion in agricultural products, more than half of which represented grain exports. There is clear evidence that many foreign importers are deserting us because the product they are receiving is adulterated, filled with cracked and broken kernels, or short-weighted. They are going to places like Brazil, Canada, Argentina, or Australia to fill orders that could be supplied by this country. Farmers are in a state of unrest because they fear the loss of markets and they also feel that the system has destroyed the integrity of a product which left their fields and combines in quality condition. The time to act is now and I urge every Member of this body to carefully consider these and other arguments in favor of the bill before casting their votes.

Mr. President, in conclusion, let me offer an editorial from the largest daily newspaper in South Dakota, the Sioux Falls Daily Argus-Leader which appeared on March 29, 1976, entitled "Pass Senate Grain Inspection Bill." I ask unanimous consent that the editorial be printed at the conclusion of my remarks.

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

PASS SENATE GRAIN INSPECTION BILL

Three South Dakota, Iowa and Minnesota United States Senators are among the cosponsors of the new, tough Senate bill designed to reform grain inspection in this country.

The chief author of the measure is U.S. Senator Dick Clark (D-Iowa). His bill is cosponsored by Senators George McGovern (D-S.D.), Hubert Humphrey (D–Minn.) and Herman Talmadge (D-Ga.)

Humphrey's agriculture subcommittee approved the bill last week. It will go before the full Senate Agriculture Committee April 7, where a hard fight is expected on the measure.

The bill would federalize inspection at all export elevators and federal agents would also handle inspection duties at 25 major inland grain terminals in 10 states. The bill is designed to combat the scandals uncovered in handling of grain for export. Investigations thus far have resulted in indictments against 62 individuals and firms, on criminal charges which include misweighing, misgrading, grain theft, conspiracy, bribery and income tax invasion.

A much milder bill has been approved by the House Agriculture Committee.

The Ford Administration opposed the provision in the Senate bill which would set up terminals, and also the language in the measure which would set up a new, semi-independent federal grain inspection agency within the U.S. Department of Agriculture.

The grain trade, private agencies which handle inspections now and state departments of agriculture oppose federalization. They all want to keep their roles in the present inspection system.

Congress should enact a measure that will remove a blight on American agriculture: United States grain have been cheated on weights, quality, etc. The buyer in Europe or Asia now can't be sure they'll get what they order from United States firms.

We believe that the federalization approach taken by Clark, McGovern, Humphrey, and Talmadge is on the mark. Congress should pass the Senate measure—and the Ford Administration should lend its assistance to the effort.

United States grain exports amount of $12 billion a year—the largest source of income from overseas. Serving that market well is essential to the future of South Dakota and other farmers in the nation. The United States' credibility as a nation which will not tolerate cheating in export shipments is also at stake.

Mr. MANSFIELD and Mr. HUMPHREY. Third reading.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

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

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the Committee on Agriculture and Forestry be discharged from further consideration of H.R. 12572 and that the Senate proceed to its immediate consideration.

The PRESIDING OFFICER. The bill will be stated by title.

The second assistant legislative clerk read as follows:

A bill (H.R. 12572) to amend the United States Grain Standards Act to improve the grain inspection and weighing system, and for other purposes.

The PRESIDING OFFICER. Without objection, the committee is discharged from further consideration of the bill, and without objection, the Senate will proceed immediately to the consideration of the bill.

Mr. HUMPHREY. Mr. President, I move to strike all after the enacting clause of H.R. 12572 and insert therefor the language of S. 3055 as amended.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Minnesota.

The motion was agreed to.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and the third reading of the bill.

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

The bill was read the third time.

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 passage. 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 Texas (Mr. BENTSEN), the Senator from Delaware (Mr. BIDEN), the Senator from Florida (Mr. CHILES), the Senator from Idaho (Mr. CHURCH), the Senator from Missouri (Mr. EAGLETON), the Senator from Kentucky (Mr. FORD), the Senator from Indiana (Mr. HARTKE), the Senator from Hawaii (Mr. INOUYE), the Senator from Washington (Mr. JACKSON), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Louisiana (Mr. LONG), the Senator from Washington (Mr. MAGNUSON), the Senator from New Mexico (Mr. MONTOYA), the Senator from Rhode Island (Mr. PELL), and the Senator from California (Mr. TUNNEY) are necessarily absent.

I also announce that the Senator from Colorado (Mr. HASKELL) is officially absent.

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

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Oklahoma (Mr. BARTLETT), the Senator from New York (Mr. BUCKLEY), the Senator from Hawaii (Mr. FONG), the Senator from Arizona (Mr. GOLDWATER), the Senator from Wyoming (Mr. HANSEN), the Senator from Oregon (Mr. HATFIELD), the Senator from Nevada (Mr. LAXALT), the Senator from Maryland (Mr. MATHIAS), the Senator from Idaho (Mr. MCCLURE), the Senator from Alaska (Mr. STEVENS), and the Senator from Texas (Mr. TOWER) are necessarily absent.

I further announce that the Senator from New Mexico (Mr. DOMENICI) is absent on official business.

I further announce that, if present and voting, the Senator from New Mexico (Mr. DOMENICI), the Senator from Oregon (Mr. HATFIELD), and the Senator from Texas (Mr. TOWER) would each vote "nay."

On this vote, the Senator from Tennessee (Mr. BAKER) is paired with the Senater from Arizona (Mr. GOLDWATER).

If present and voting, the Senator from Tennessee would vote "yea" and the Senator from Arizona would vote "nay."

The result was announced—yeas 52, nays 18, as follows:

[Rollcall Vote No. 153 Leg.]

YEAS—52

Bayh	Hathaway	Pastore
Bellmon	Hollings	Proxmire
Brock	Huddleston	Randolph
Brooke	Humphrey	Ribicoff
Bumpers	Javits	Schweiker
Burdick	Johnston	Scott, Hugh
Byrd, Robert C.	Leahy	Sparkman
Cannon	Mansfield	Stafford
Case	McGee	Stennis
Clark	McGovern	Stevenson
Cranston	McIntyre	Stone
Culver	Metcalf	Symington
Durkin	Mondale	Talmadge
Eastland	Morgan	Weicker
Glenn	Moss	Williams
Gravel	Muskie	Young
Hart, Gary	Nelson	
Hart, Philip A.	Nunn	

NAYS—18

Allen	Garn	Percy
Beall	Griffin	Roth
Byrd, Harry F., Jr.	Helms	Scott, William L.
Curtis	Hruska	Taft
Dole	McClellan	Thurmond
Fannin	Packwood	
	Pearson	

NOT VOTING—30

Abourezk	Fong	Laxalt
Baker	Ford	Long
Bartlett	Goldwater	Magnuson
Bentsen	Hansen	Mathias
Biden	Hartke	McClure
Buckley	Haskell	Montoya
Chiles	Hatfield	Pell
Church	Inouye	Stevens
Domenici	Jackson	Tower
Eagleton	Kennedy	Tunney

So the bill (H.R. 12572), as amended, was passed, as follows:

That the United States Grain Standards Act (82 Stat. 761–770; 7 U.S.C. 71, 74–79, 84–87, and 87a–87h) is hereby amended to read as follows:

"SHORT TITLE

"SECTION 1. This Act may be cited as the 'United States Grain Standards Act'.

"DECLARATION OF POLICY

"SEC. 2. Grain is an essential source of the world's total supply of human food and animal feed and is merchandised in interstate and foreign commerce. It is declared to be the policy of the Congress, for the promotion and protection of such commerce in the interests of producers, merchandisers, warehousemen, processors, and consumers of grain, and the general welfare of the people of the United States, to provide for the establishment of official United States standards for grain, to promote the uniform application thereof by official inspection personnel, to provide for an official inspection system for grain, and to regulate the weighing and the certification of the weight of grain shipped in interstate or foreign commerce in the manner hereinafter provided; with the objectives that grain may be marketed in an orderly and timely manner and that trading in grain may be facilitated. It is hereby found that all grain and other articles and transactions in grain regulated under this Act are either in interstate or foreign commerce or substantially affect such commerce and that regulation thereof as provided in this Act is necessary to prevent or eliminate burdens on such commerce and to regulate effectively such commerce.

"DEFINITIONS

"SEC. 3. When used in this Act, except where the context requires otherwise—

"(a) the term 'Secretary' means the Secretary of Agriculture of the United States or his delegates;

"(b) the term 'Administrator' means the Administrator of the Federal Grain Inspection Agency established by section 4 of this Act or his delegates;

"(c) the term 'Department of Agriculture' means the United States Department of Agriculture;

"(d) the term 'Agency' means the Federal Grain Inspection Agency established by section 4 of this Act;

"(e) the term 'person' means any individual, partnership, corporation, association, or other business entity;

"(f) the term 'United States' means the States (including Puerto Rico) and the territories and possessions of the United States (including the District of Columbia);

"(g) the term 'State' means any one of the States (including Puerto Rico) or territories or possessions of the United States (including the District of Columbia);

"(h) the term 'interstate or foreign commerce' means commerce from any State to or through any other State, or to or through any foreign country;

"(i) the term 'grain' means corn, wheat, rye, oats, barley, flaxseed, sorghum, soybeans, mixed grain, and any other food grains, feed grains, and oil seeds for which standards are established under section 5 of this Act;

"(j) the term 'export grain' means grain for shipment from the United States to any place outside thereof;

"(k) the term 'official inspection' means the determination (by original inspection and, when requested, reinspection and appeal inspection) and the certification, by official personnel, of the kind, class, quality or condition of grain, or the condition of vessels and other carriers or receptacles for the transportation of grain insofar as it may affect the quality or condition of such grain, under standards provided for in this Act; or, upon the request of the interested party applying for inspection, other facts relating to grain under other criteria approved by the Administrator under this Act (the term 'officially inspected' shall be construed accordingly);

"(l) the term 'official personnel' means employees of the Agency, a State under agreement with the Administrator, or an official contractor licensed or otherwise authorized by the Administrator pursuant to section 13 of this Act to perform all or specified functions involved in official inspection, or official weighing, or in the supervision thereof, or in monitoring activities in foreign ports, with respect to grain regulated under this Act;

"(m) the term 'official mark' means any symbol prescribed by regulations of the Administrator to show the official determination of official inspection or official weighing;

"(n) the term 'official grade designation' means a numerical or sample grade designation, specified in the standards relating to kind, class, quality, and condition of grain, provided for in this Act;

"(o) the term 'official contractor' means a State or person who has entered into a contract with the Administrator authorized by sections 8, 9, and 11 of this Act for the conduct of official inspection (other than appeal inspection) or official weighing under this Act at a point designated by the Administrator (the term 'official contract' will be construed accordingly);

"(p) the terms 'official certificate' and 'official form' mean, respectively, a certificate or other form prescribed by regulations of the Administrator under this Act;

"(q) the term 'official sample' means a sample obtained from a lot of grain by, and submitted for official inspection by, official personnel (the term 'official sampling' shall be construed accordingly);

"(r) the term 'submitted sample' means a sample submitted by or for an interested person for official inspection, other than an official sample;

"(s) the term 'lot' means a specific quantity of grain identified as such;

"(t) the term 'interested person' means any person having a contract or other financial interest in grain as the owner, seller, purchaser, warehouseman, or carrier, or otherwise;

"(u) the verb 'ship' with respect to grain means transfer physical possession of the grain to another person for the purpose of transportation by any means of conveyance, or transport one's own grain by any means of conveyance;

"(v) the terms 'false', 'incorrect', and 'misleading' mean, respectively, false, incorrect, and misleading in any particular;

"(w) the term 'deceptive loading, handling, weighing, or sampling' means any manner of loading, handling, weighing, or sampling that deceives or tends to deceive official personnel, as specified by regulations of the Administrator under this Act;

"(x) the term 'export elevator' means any grain elevator, warehouse or other grain

storage and handling facility in the United States as determined by the Administrator, from which grain is shipped from the United States to an area outside thereof;

"(y) the term 'major inland terminal elevator' means any terminal grain elevator, warehouse or other grain storage and handling facility in the United States, other than an export elevator, as determined by the Administrator, located in a terminal marketing area in the interior of the United States at which over fifty million bushels of grain are officially inspected in an average year;

"(z) the term 'official weighing' means the determination and the certification by official personnel of the quantity of a lot of grain under standards provided in this Act, based on the actual performance of weighing or the physical supervision thereof, to include the physical inspection and testing for accuracy of the weights and scales and (where the weighing is done in an elevator or warehouse) the physical inspection of the elevator or warehouse premises and the monitoring of the flow of grain into and out of the elevator or warehouse (the term 'officially weighed' shall be construed accordingly).

"ESTABLISHMENT OF FEDERAL GRAIN INSPECTION AGENCY

"SEC. 4. There is created and established in the Department of Agriculture an agency of the United States to be known as the Federal Grain Inspection Agency, all the powers of which shall be exercised by an Administrator, under the general direction and supervision of the Secretary, who shall be appointed by the President by and with the advice and consent of the Senate, for a term of ten years. The Administrator shall be responsible for the administration of this Act and for the establishment of policies, guidelines, and regulations by which the Agency is to carry out the provisions of this Act.

"STANDARDS

"SEC. 5. (a) The Administrator is authorized to investigate the handling, weighing, grading, and transportation of grain and to fix and establish (1) standards of kind, class, quality, and condition for corn, wheat, rye, oats, barley, flaxseed, sorghum, soybeans, mixed grain, and such other grains as in his judgment the usages of the trade may warrant and permit; and (2) standards for accurate weighing and weight certification procedures and controls including safeguards over equipment calibration and maintenance, for grain shipped in interstate or foreign commerce; and the Administrator is authorized to amend or revoke such standards whenever the necessities of the trade may require.

"(b) Before establishing, amending, or revoking any standards under this Act, the Administrator shall publish notice of the proposal and give interested persons opportunity to submit data, views, and arguments thereon and, upon request, an opportunity to present data, views, and arguments orally in an informal manner. No standards established or amendments or revocations of standards under this Act shall become effective less than one calendar year after promulgation thereof, unless in the judgment of the Administrator, the public health, interest, or safety require that they become effective sooner.

"OFFICIAL INSPECTION AND WEIGHING REQUIREMENTS

"SEC. 6. (a) Whenever standards are effective under section 5 of this Act for any grain—

"(1) no person shall ship from the United States to any place outside thereof any lot of such grain, unless such lot is officially weighed and officially inspected (on the basis of official samples taken after final elevation as near the final spout through which the grain passes as physically practicable as it is being loaded aboard, or while it is in, the final carrier in which it is to be transported from the United States) in accordance with such standards, and unless a valid official certificate showing the official grade designation and certified weight of the lot of grain has been provided by official personnel and is promptly furnished by the shipper, or his agent, to the consignee with the bill of lading or other shipping documents covering the shipment: *Provided, however,* That the Administrator may waive this requirement with respect to shipments from or to any area or any other class of shipments when in his judgment it is impracticable to provide official inspection or official weighing with respect to such shipments;

"(2) all other grain transferred out of and all grain transferred into an export elevator shall be officially weighed in accordance with such standards;

"(3) all grain that is officially inspected as it is being transferred into or out of a major inland terminal elevator shall also be officially weighed in accordance with such standards: *Provided, however,* That the Administrator may waive this requirement in emergency or other circumstances which would not impair the objectives of this Act; and

"(4) whenever the same lot of grain is both officially inspected and officially weighed, an official certificate shall be issued showing both the official grade designation and the certified weight of the lot of grain.

"(b) All official inspection and official weighing, whether performed by authorized Agency employees or any other person licensed under section 13 of this Act, shall be supervised by representatives of the Administrator, in accordance with such regulations as he may provide.

"REQUIRED USE OF OFFICIAL GRADE DESIGNATIONS AND PROHIBITION OF CERTAIN ACTS WITH RESPECT TO CERTAIN GRAIN

"SEC. 7. (a) Whenever standards relating to kind, class, quality, and condition of grain are effective under section 5 of this Act for any grain, no person shall in any sale, offer for sale, or consignment for sale, which involves the shipment of such grain in interstate or foreign commerce, describe such grain as being of any grade in any advertising, price quotation, other negotiation of sale, contract of sale, invoice, bill of lading, other document, or description on bags or other containers of the grain, other than by an official grade designation, with or without additional information as to specified factors: *Provided,* That the description of such grain by any proprietary brand name or trademark that does not resemble an official grade designation, or with respect to interstate commerce, by the use of one or more grade factor designations set forth in the official United States standards for grain, or by other factor information shall not be deemed to be a description of grain as being of any grade.

"(b) No person shall, in any sale, offer for sale, or consignment for sale, of any grain which involves the shipment of such grain from the United States to any place outside thereof, describe such grain by any official grade designation, or other description which is false or misleading.

"OFFICIAL INSPECTION AUTHORITY

"SEC. 8. (a) The Administrator is authorized to cause official inspection under the standards provided for in section 5 of this Act to be made of all grain required to be officially inspected as provided in section 6 of this Act, in accordance with such regulations as he may prescribe.

"(b) The Administrator is further authorized, upon request of any interested person, and under such regulations as he may prescribe, to cause official inspection to be made with respect to any grain whether by official sample, submitted sample, or otherwise, within the United States under standards provided for in section 5 of this Act, or upon request of the interested person, official inspection under other criteria approved by the Administrator for determining kind, class, quality, or condition of grain, or other facts relating to grain, whenever in his judgment providing such service will effectuate any of the objectives stated in section 2 of this Act.

"(c) The regulations prescribed by the Administrator under this Act shall include provisions for reinspections and appeal inspections; cancellation and surrender of certificates superseded by reinspections and appeal inspections; and the use of standard forms for official certificates. The Administrator is authorized to provide by regulation that samples obtained by or for employees of the Agency for purposes of official inspection shall become the property of the United States, and such samples may be disposed of without regard to the provisions of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 471 et seq.).

"(d) Official certificates setting out the results of official inspection, issued and not canceled under this Act, shall be received by all officers and all courts of the United States as prima facie evidence of the truth of the facts stated therein.

"(e) The Administrator shall cause all official inspection at export elevators and major inland terminal elevators for grain required or authorized to be inspected by this Act to be performed by official personnel employed by the Agency. The Administrator is authorized to provide that grain loaded at any interior point in the United States into a rail car, barge, or other container as the final carrier in which it is to be transported from the United States shall be inspected in the same manner.

"(f) With respect to official inspection other than at export elevators or major inland terminal elevators at locations which the Administrator determines official inspection is needed for grain required or authorized to be inspected by this Act, the Administrator is authorized to cause such inspection to be performed by official personnel employed by the Agency or enter into a contract with any State or person for the conduct of all or specified functions involved in official inspection (other than appeal inspection) as provided in section 11 of this Act.

"(g) The Administrator is authorized to cause official inspection under this Act to be made, as provided in subsection (a) of this section, in Canadian ports of United States export grain transshipped through Canadian ports, and pursuant thereto the Secretary is authorized to enter into an agreement with the Canadian Government for such inspection.

"(h) No State or person other than an employee of the Agency shall perform any official inspection functions for the purposes of this Act except in accordance with the provisions of a valid official contract.

"OFFICIAL WEIGHING AUTHORITY

"SEC. 9. (a) The Administrator is authorized to cause official weighing under standards provided for in section 5 of this Act to be made of all grain required to be officialy weighed as provided in section 6 of this Act, in accordance with such regulations as he may prescribe.

"(b) The Administrator is further authorized, upon the request of any interested person, and under such regulations as he may prescribe, to cause official weighing under standards provided for in section 5 of this Act, to be made with respect to any grain that is officially inspected as provided in section 8 of this Act or at any elevator, warehouse, or other grain storage and handling facility at which official inspection is provided, pursuant to the provisions of this Act.

"(c) The Administrator is further authorized to cause official weighing under standards provided for in section 5 of this Act to be made at elevators not subject to subsections (a) and (b) of this section, upon request of such elevator and in accordance with such regulations as he may prescribe. Such official weighing service shall not be provided for periods of less than one year; and the fees therefor shall be set separately from those fees provided for in section 12 of this Act and shall be reasonable, nondiscriminatory, and equal, as nearly as possible, to the cost of providing such services.

"(d) The Administrator shall cause all official weighing at export elevators and major inland terminal elevators for grain required or authorized to be officially weighed by this Act to be performed by official personnel employed by the Agency: *Provided, however,* That, with respect to official weighing other than at export elevators, the Administrator is authorized to enter into an agreement with a State for the conduct of such activities under the supervision of the Agency, with respect to elevators and warehouses subject to its jurisdiction if the Administrator finds that the State in which the weighing is done, conducts weighing under procedures equivalent to those prescribed under this section.

"(e) With respect to official weighing other than at export elevators or major inland terminal elevators, at locations with respect to which the Administrator has not entered into an agreement with a State for the conduct of official weighing as provided in subsection (d) of this section, for grain required or authorized to be weighed by this Act, the Administrator is authorized to cause such weighing to be performed by official personnel employed by the Agency or enter into an official contract with any State or person for the conduct of all or specified functions involved in official weighing, as provided in section 11 of this Act.

"(f) The Administrator is authorized to cause official weighing under this Act to be made, as provided in subsection (a) of this section, in Canadian ports of United States grain transshipped through Canadian ports; and pursuant thereto the Secretary is authorized to enter into an agreement with the Canadian Government for such official weighing.

"(g) Official certificates setting out the results of official weighing, issued and not canceled under this Act, shall be received by all officers and all courts of the United States as prima facie evidence of the truth of the facts stated therein.

"(h) No State or person other than an authorized employee of the Agency shall perform official weighing for the purposes of this Act except in accordance with the provisions of an agreement as provided in subsection (d) of this section or a valid official contract.

"(i) Notwithstanding any other provision of law, no person shall weigh, or state in any document the weight of, any lot of grain shipped in interstate or foreign commerce, in any State of the United States, except in accordance with any such regulations and procedures described in this section that may apply to such lot of grain unless such jurisdiction is enforcing equivalent procedures under its laws pursuant to an agreement under subsection (d) of this section.

"(j) The provisions of this section shall not limit any authority vested in the Secretary under the United States Warehouse Act (39 Stat. 486, as amended; 7 U.S.C. 241 et seq.).

"(k) The representatives of the Administrator and persons employed by a State under an agreement or an official contractor shall be afforded access to any elevator, warehouse, or other grain storage and handling facility from which grain is delivered for shipment in interstate or foreign commerce or to which grain is delivered from shipment in interstate or foreign commerce and all facilities therein for weighing grain, for the purpose of providing official weighing or performing supervision thereof under this section.

"TESTING OF EQUIPMENT

"SEC. 10. (a) The Administrator shall provide for the testing of all equipment used in the inspection, grading, and weighing of grain located at all elevators, warehouses, and other grain storage and handling facilities at which official inspection or official weighing is provided under this Act, to be made on a random and periodic basis, but at least twice annually and under such regulations as the Administrator may prescribe, as he deems necessary to assure the accuracy and integrity of such mechanical equipment.

"(b) Notwithstanding any other provision of law, the Administrator is authorized to supervise the testing, by States, political subdivisions thereof, and private persons, of equipment located at any grain elevator, warehouse, or other grain storage and handling facility from which grain is shipped in interstate or foreign commerce under such regulations as he may prescribe and at such intervals as he deems necessary to assure the accuracy and integrity of such equipment.

"(c) Notwithstanding any other provision of law, no person shall use any equipment disapproved by the Administrator.

"CONTRACTING AUTHORITY

"SEC. 11. (a) The Administrator shall, prior to entering into a contract with a State or person for the performance of official inspection or official weighing functions as provided in section 8 and 9 of this Act, make a determination that—

"(1) such State or person—

"(A) has adequate facilities and qualified personnel for the performance of such official functions;

"(B) will conduct such training and provide such supervision of its personnel as are necessary to assure that they will provide official inspection or official weighing in accordance with this Act and the regulations and instructions thereunder;

"(C) or employees thereof do not have any conflicts of interest prohibited by subsection (b) of this section, and section 16 of this Act;

"(D) will maintain complete and accurate records of its organization, staffing, official activities, and fiscal operations, and such other records as the Administrator may require by regulation;

"(E) will comply with all provisions of this Act and the regulations and instructions thereunder;

"(F) meets other criteria established in regulations issued under this Act relating to the performance of official inspection or official weighing;

"(G) will provide for the periodic rotation of official personnel at the various elevators for which the State or person provides inspection or weighing, or both, as is necessary to preserve the integrity of the official inspection system; and

"(2) The applicant is better able than any other applicant to provide official inspection or official weighing service.

"(b) The Administrator shall not contract for the performance of these official functions as provided in sections 8 and 9 of this Act with (1) any person who owns, operates, or is employed by a commercial grain elevator or warehouse, is currently engaged in the merchandising of grain or is financially interested in (directly or otherwise) any business entity which owns or operates any commercial grain elevator or warehouse, or is currently engaged in the merchandising of grain; or (2) any corporation, partnership, association, or other business entity owned (fully or otherwise), operated, or managed by such person.

"(c) Official contracts shall include provisions that permit employees of the Agency authorized to supervise the official inspection or weighing of grain to supervise the activities of the official contractor in such manner as the Administrator deems necessary.

"(d) Official contracts shall terminate at such time as specified by the Administrator but not later than at the end of five years and may be renewed in accordance with the criteria prescribed in this section. Official contracts may be amended at any time upon application by the official contractor if the Administrator determines that the amendment will be consistent with the provisions and objectives of this Act; and such a contract will be canceled upon request by the official contractor with ninety days written notice to the Administrator. A fee as prescribed by regulations of the Administrator shall be paid to the Administrator for each such amendment to cover the costs incurred by the Agency in connection therewith, and it shall be deposited in the fund provided for in section 12.

"(e) The Administrator may revoke an official contract whenever, after opportunity for hearing is afforded the official contractor, the Administrator determines that the official contractor has failed to meet one or more of the criteria specified in subsection (a) of this section or the regulations under this Act for the performance of functions under this Act, or otherwise has not complied with any provisions of this Act or any regulation prescribed or instruction issued to such contractor under this Act, or (with respect to a person contracting with the Administrator) has been convicted of any violation of other Federal law involving the handling, weighing, or official inspection of grain: *Provided,* That the Administrator may, without first affording the official contractor an opportunity for a hearing, suspend an official contract pending final determination of the proceeding whenever the Administrator has reason to believe there is cause for revocation of the official contract and considers such action necessary to effectuate the objectives and purposes of this Act. The Administrator shall afford such person an opportunity for a hearing within thirty days after temporarily suspending such contract.

"FEES FOR SERVICE

"SEC. 12. The Administrator shall, under such regulations as he may prescribe, charge and collect fees for the performance of official inspection and official weighing in the United States and for United States grain transshipped through Canadian ports and testing of equipment. The fees authorized by this section shall be reasonable, nondiscriminatory, and as nearly equal as possible in each geographic area of the United States and, after taking into consideration any proceeds from the sale of samples, cover the costs of the Agency incident to the performance of these services and supervisory and administrative costs directly related thereto, except as provided in section 26 of this Act: *Provided, however,* That the amount of such fees shall not be increased during the course of any fiscal year more than 10 per centum over the amount of the fee in effect at the end of the previous fiscal year without the express authorization of the Administrator. Fees collected pursuant to an official contract shall include amounts to cover Agency supervision of the activities of the official contractor, except as provided for in section 26 of this Act. Such fees, and the proceeds from the sale of samples obtained for purposes of official inspection which become the property of the United States, shall be deposited into a fund which shall be available without fiscal year limitation for the expenses of the Agency incident to providing services under this Act.

"LICENSES AND AUTHORIZATIONS

"SEC. 13. (a) The Administrator is authorized to (1) issue a license to any individual upon presentation to him of satisfactory evi-

dence that such individual is competent, and is employed by an official contractor, to perform all or specified functions involved in official inspection or official weighing of grain; (2) issue a license to any individual upon presentation to him of satisfactory evidence that such individual is competent, and is employed by a State with whom the Administrator has entered into an agreement pursuant to this Act, to perform official weighing of grain; (3) authorize any competent employee of the Agency to (i) perform all or specified original or appeal inspection functions involved in official inspection of grain, (ii) perform official weighing of grain, (iii) supervise the official inspection or official weighing of grain or the testing of equipment, and (iv) perform monitoring activities in foreign ports with respect to grain officially inspected and officially weighed under this Act; (4) contract with any person to perform specified sampling or laboratory functions involved in the official inspection of grain; and (5) contract with any person for the performance of monitoring activities in foreign ports with respect to grain officially inspected and officially weighed under this Act. No person shall perform any official inspection or official weighing function for purposes of this Act unless he holds an unsuspended and unrevoked license or authorization from the Administrator under this Act.

"(b) All classes of licenses and authorizations issued under this Act shall terminate triennially on a date or dates to be fixed by regulation of the Administrator: *Provided*, That any license or authorization shall be suspended automatically when the licensee or authorized person ceases to be employed by the Agency or under an official contract or agreement, for the conduct of any official function under this Act: *Provided further*, That subject to subsection (c) of this section, such license or authorization shall be reinstated if the licensee or authorized person is employed by the Agency or an official contractor or a State under an agreement, within one year of the suspension date and the license or authorization has not expired in the interim.

"(c) The Administrator may require such examinations and reexaminations as he may deem warranted to determine the competence of any applicants for licenses, licensees, or employees of the Agency to perform any official inspection or official weighing function under this Act.

"(d) Persons employed by an official contractor to perform official inspection or official weighing functions or by a State under an agreement to perform official weighing and persons performing specified sampling or laboratory functions under contract with the Administrator as provided in subsection (a) of this section shall not, unless otherwise employed by the United States Government, be deemed to be employees of the United States Government: *Provided, however*, That such persons shall be considered, in the performance of any official inspection or official weighing function as prescribed by this Act or by the regulations of the Administrator, as persons acting on behalf of the United States for the purpose of determining the application of section 201 of title 18, United States Code, to such persons.

"(e) The Administrator shall provide for the periodic rotation of supervisory personnel and official personnel employed by the Agency as he deems necessary to preserve the integrity of the system for official inspection and official weighing providing by this Act.

"(f) The Administrator shall develop and effectuate uniform standards for the recruiting, training, and supervising of official personnel and work production standards for such personnel, which shall be applicable to the Agency and all official contractors and all persons licensed or authorized to perform official functions under this Act: *Provided, however*, That persons licensed or authorized as of June 1, 1976, to perform any official function under this Act, shall be exempted from any of the uniform recruiting and training provisions of this subsection or regulations or standards issued pursuant thereto if the Administrator determines that such persons are technically and professionally qualified for the duties to which they will be assigned and they agree to complete whatever additional training the Administrator deems necessary.

"REFUSAL OF RENEWAL, OR SUSPENSION OR REVOCATION, OF LICENSES AND AUTHORIZATIONS

"SEC. 14. The Administrator may refuse to renew, or may suspend or revoke, any license or authorization issued under this Act whenever, after the licensee or authorized person has been afforded an opportunity for a hearing, the Administrator shall determine that such licensee or authorized person is incompetent, or has inspected or weighed grain for purposes of this Act by any standard or criteria other than as provided for in this Act, or has issued, or caused the issuance of, any false or incorrect official certificate or other official form, or has knowingly or carelessly inspected or weighed grain improperly under this Act, or has accepted any money or other consideration, directly or indirectly, for any neglect or improper performance of duty, or has used his license or authorization or allowed it to be used for any improper purpose, or has otherwise violated any provision of this Act or of the regulations prescribed or instructions issued to him by the Administrator under this Act. The Administrator may, without first affording the licensee or authorized person an opportunity for a hearing, suspend any license or authorization temporarily pending final determination whenever the Administrator deems such action to be in the best interest of the official inspection system under this Act. The Administrator may summarily revoke any license whenever the licensee or authorized person has been convicted of any offense prohibited by section 18 of this Act or convicted of any offense proscribed by title 18, United States Code, with respect to performance of official duties under this Act.

"REFUSAL OF OFFICIAL INSPECTION OR OFFICIAL WEIGHING AND CIVIL PENALTIES

"SEC. 15. (a) The Administrator may (for such period, or indefinitely, as he deems necessary to effectuate the purposes of this Act) refuse to provide official inspection or official weighing otherwise available under this Act with respect to any grain offered for inspection or weighing, or owned, wholly or in part, by any person if he determines (1) that the individual (or in case such person is a partnership, any general partner; or in case such person is a corporation, any officer, director, or holder or owner of more than 10 per centum of the voting stock; or in case such person is an unincorporated association or other business entity, any officer or director thereof) has committed any violation of section 18 of this Act or has been convicted of any violation of any other Federal law involving the handling, weighing, or inspection of grain, or that official inspection or official weighing has been refused for any of the above-specified causes (for a period which has not expired) to such person, or any other person conducting a business with which the former was, at the time such cause existed, or is responsibly connected; and (2) that providing official inspection or official weighing with respect to such grain would be inimical to the integrity of the official inspection and official weighing service. In addition to, or in lieu of, penalties provided under section 19 of this Act, the Administrator may refuse to provide official inspection or official weighing in accordance with this section or assess against the respondent a civil penalty not to exceed $100,000 for each such violation, or both, as the Administrator determines is appropriate to effectuate the objectives stated in section 2 of this Act.

"(b) For purposes of subsection (a) of this section, a person shall be deemed to be responsibly connected with a business if he was or is a partner, officer, director, or holder or owner of 10 per centum or more of its voting stock, or an employee in a managerial or executive capacity.

"(c) Before official inspection or official weighing is refused to any person or a civil penalty is assessed against any person under subsection (a), such person shall be afforded opportunity for a hearing in accordance with sections 554, 556, and 557 of title 5, United States Code: Provided, That the Administrator may, without first affording the person a hearing, refuse official inspection or official weighing temporarily pending final determination whenever the Administrator has reason to believe there is cause for refusal of inspection or weighing and considers such action to be in the best interest of the official inspection and official weighing system under this Act. The Administrator shall afford such person an opportunity for a hearing within seven days after temporarily refusing inspection or weighing.

"(d) Moneys received in payment of such civil penalties shall be deposited in the general fund of the United States Treasury. Upon failure to pay the penalties assessed under this section, the Administrator may request the Attorney General of the United States to institute a civil action to collect the penalties in the appropriate court identified in subsection (f) of section 22 of this Act for the jurisdiction in which the respondent is found or resides or transacts business, and such court shall have jurisdiction to hear and decide any such action.

"PROHIBITION ON CERTAIN CONFLICTS OF INTEREST

"SEC. 16. No person licensed or authorized by the Administrator pursuant to section 13 of this Act to perform any official function under this Act, or employed by the Administrator in otherwise carrying out any of the provisions of this Act, shall, during the term of such license, authorization, or employment, (a) be financially interested (directly or otherwise) in any business entity owning or operating any grain elevator or warehouse or engaged in the merchandising of grain, or (b) be in the employment of, or accept gratuities from, any such entity, or (c) be engaged in any other kind of activity specified by regulation of the Administrator as involving a conflict of interest: *Provided, however*, That the Administrator may license qualified employees of any grain elevator or warehouse to perform official sampling functions, under such conditions as the Administrator may by regulation prescribe, and the Administrator may by regulation provide such other exceptions to the restrictions of this section as he determines are consistent with the purposes of this Act.

"RECORDS

"SEC. 17. (a) Every official contractor and every person licensed to perform any official inspection or official weighing function under this Act shall maintain such samples of officially inspected grain and such other records as the Administrator may by regulation prescribe for the purpose of administration and enforcement of this Act

"(b) Every official contractor required to maintain records under this section shall keep such records for a period of five years after the inspection or transaction, which is the subject of the record, occurred: *Provided, however*, That grain samples shall be required to be maintained only for such period not in excess of ninety days as the Administrator, after consultation with the grain trade and taking into account the needs and circumstances of local markets, shall prescribe; and in specific cases other records may be required by the Adminis-

trator to be maintained for not more than three years in addition to said five-year period whenever in his judgment the retention of such records for the longer period is necessary for the effective administration and enforcement of this Act.

"(c) Every official contractor required to maintain records under this section shall permit any authorized representative of the Secretary or the Administrator, to have access to, and to copy, such records at all reasonable times.

"(d) Every State, political subdivision thereof, or person who is the owner or operator of a commercial grain elevator or warehouse or is engaged in the merchandising of grain other than as a producer, and who, at any time, has obtained or obtains official inspection or official weighing shall, within the five-year period thereafter, maintain complete and accurate records of purchases, sales, transportation, storage, weighing, handling, treating, cleaning, drying, blending, and other processing, and official inspection and official weighing of grain, and permit any authorized representative of the Secretary or the Administrator at all reasonable times, to have access to, and to copy, such records and to have access to any grain elevator or other facility used by such person for handling of grain, pursuant to sections 21 and 22 of this Act.

"PROHIBITED ACTS

"SEC. 18. (a) No person shall knowingly, intentionally, recklessly, or negligently—

"(1) falsely make, issue, alter, forge, or counterfeit any official certificate or other official form or official mark;

"(2) utter, publish, or use as true any falsely made, issued, altered, forged, or counterfeited official certificate or other official form or official mark, or possess, without promptly notifying the Administrator or his representative, or fail to surrender to such a representative upon demand, any falsely made, issued, altered, forged, or counterfeited official certificate or other official form, or any device for making any official mark or simulation thereof, or possess any grain in a container bearing any falsely made, issued, altered, forged, or counterfeited official mark without promptly giving such notice;

"(3) cause or attempt (whether successfully or not) to cause the issuance of a false or incorrect official certificate or other official form by any means, including but not limited to deceptive loading, handling, weighing, or sampling of grain, or submitting grain for official inspection or official weighing that has been deceptively loaded, handled, weighed, or sampled;

"(4) alter any official sample of grain in any manner or, if an official sample has been altered, thereafter represent it as an official sample;

"(5) use any official grade or weight designation or official mark on any container of grain by means of a tag, label, or otherwise, unless the grain in such container was officially inspected on the basis of an official sample taken while the grain was being loaded into or was in such container or officially weighed, respectively, and the grain was found to qualify for such designation or mark;

"(6) make any false representation that any grain has been officially inspected, officially weighed, or officially inspected or officially weighed and found to be of a particular kind, class, quality, condition, or quantity, or that particular facts have been established with respect to grain by official inspection or official weighing under this Act;

"(7) engage in the falsifying of the weight quality, or grade of any grain shipped in interstate or foreign commerce by any means, including, but not limited to, the use of inaccurate, faulty or defective testing equipment;

"(8) forcibly assault, resist, oppose, impede, intimidate, or interfere with any person licensed to perform official inspection or official weighing in, or on account of, the performance of his duties under this Act;

"(9) falsely represent that he is licensed or authorized to perform an official inspection or official weighing function under this Act;

"(10) use any false or misleading means in connection with the making or filing of an application for official inspection or official weighing; or

"(11) violate any provision of section 6, 7, 8, 9, 10, 13, 16, or 17 of this Act.

"(b) No person licensed or authorized to perform any function under this Act shall knowingly, intentionally, recklessly, or negligently—

"(1) commit any offense prohibited by subsection (a);

"(2) perform improperly any official sampling, inspection, weighing, or other official function under this Act; or

"(3) execute or issue any false or incorrect official certificate or other official form.

"PENALTIES

"SEC. 19. (a) Any person who knowingly or intentionally commits any offense prohibited by section 18 shall be guilty of a felony and shall, on conviction thereof, be subject to imprisonment for not more than five years, a fine of not more than $10,000, or both such imprisonment or fine.

"(b) Any person who recklessly or negligently commits any offense prohibited by section 18 shall be guilty of a misdemeanor and shall, on conviction thereof, be subject to imprisonment for not more than nine months, a fine of not more than $5,000, or both such imprisonment or fine.

"(c) Nothing in this Act shall be construed as requiring the Administrator to report minor violations of this Act for criminal prosecution when he believes that the public interest will be adequately served by a suitable written notice of warning, or to report any violation of this Act for prosecution when he believes that institution of a proceeding under section 15 of this Act will obtain compliance with this Act and he institutes such a proceeding.

"RESPONSIBILITY FOR ACTS OF OTHERS

"SEC. 20. When construing and enforcing the provisions of this Act, the act, omission, or failure of any official, agent, or other person acting for or employed by any association, partnership, or corporation within the scope of his employment or office shall, in every case, also be deemed the act, omission, or failure of such association, partnership, or corporation as well as that of the person.

"GENERAL AUTHORITIES

"SEC. 21. (a) The Administrator is authorized to conduct such investigations, hold such hearings, require such reports from any official contractor, licensee or other person, require by regulation as a condition for official inspection or official weighing, among other things, the installation of specified sampling, weighing, handling, and monitoring equipment in grain elevators and approval of the condition of carriers and containers for transporting or storing grain, and prescribe such other rules, regulations and instructions as he deems necessary to effectuate the purposes or provisions of this Act. Whether any certificate, other form, representation, designation, or other description is false, incorrect, or misleading within the meaning of this Act shall be determined by tests made in accordance with such procedures as the Administrator may adopt to effectuate the objectives of this Act, if the relevant facts are determinable by such tests. Proceedings under section 14 of this Act for refusal to renew, or for suspension or revocation of, a license, shall not, unless requested by the respondent, be subject to the administrative procedure provisions in sections 554, 556, and 557 of title 5, United States Code.

"(b) The Administrator is authorized to investigate reports or complaints of discrepancies and abuses in the official inspection and official weighing of grain under this Act. He shall prescribe by regulation procedures for (1) promptly investigating (i) complaints of foreign grain purchasers regarding the official inspection or official weighing of grain shipped from the United States, (ii) the cancellation of any contract for the sale of grain required to be inspected or weighed under this Act, and (iii) any complaint regarding the operation or administration of this Act or any official transaction with which this Act is concerned, and (2) taking appropriate action on the basis of the findings of any investigation of such complaints. The Administrator shall report to the House Committee on Agriculture and the Senate Committee on Agriculture and Forestry at the end of every three-month period with respect to investigative action taken on complaints, during the immediately preceding three-month period.

"(c) The Administrator is authorized to cause official personnel to monitor in foreign nations which are substantial importers of grain from the United States, grain imported from the United States upon its entry into the foreign nation, to determine whether such grain is of a comparable kind, class, quality, and condition after considering the handling methods and conveyance utilized at the time of loading, and the same quantity that it was certified to be upon official inspection and official weighing in the United States.

"(d) The Office of Investigation of the Department (or such other organization or agency within the Department which may be delegated the authority, in lieu thereof, to conduct investigations on behalf of the Department) is authorized and directed to conduct such investigations regarding the operation or administration of this Act or any official transaction with which this Act is concerned, as the Director thereof deems necessary to assure the continued integrity of official inspection and official weighing under this Act.

"(e) The Administrator is authorized to conduct, in cooperation with the Department of Agriculture and other agencies within the Department of Agriculture, a continuing research program for the purpose of developing methods to improve accuracy and uniformity in grading grain.

"(f) To assure the normal movement of grain at all inspection points in a timely manner consistent with the policy expressed in section 2 of this Act, the Administrator shall, notwithstanding any other provision of law, provide adequate personnel to avoid delay that might be caused by the additional inspection requirements of this Act.

"ENFORCEMENT PROVISIONS

"SEC. 22. (a) For the purposes of this Act, the Administrator shall at all reasonable times have access to, for the purpose of examination, and the right to copy any documentary evidence of any person with respect to whom such authority is exercised; and the Administrator shall have power to require by subpena the attendance and testimony of witnesses and the production of all such documentary evidence relating to any matter under investigation by the Administrator, and may administer oaths and affirmations, examine witnesses, and receive evidence.

"(b) Such attendance of witnesses, and the production of such documentary evidence, may be required from any place in the United States, at any designated place of hearing. In case of disobedience to a subpena the Administrator may invoke the aid of any court designated in subsection (f) of this section in requiring the attendance and testimony of witnesses and the production of documentary evidence.

"(c) Any such court within the jurisdic-

tion of which such inquiry is carried on may, in case of contumacy or refusal to obey a subpena issued to any person, issue an order requiring such person to appear before the Administrator or to produce documentary evidence if so ordered, or to give evidence touching the matter in question; and any failure to obey such order of the court may be punished by such court as a contempt thereof.

"(d) Witnesses summoned before the Administrator shall be paid the same fees and mileage that are paid witnesses in the courts of the United States, and witnesses from whom depositions are taken and the persons taking the same shall severally be entitled to the same fees as are paid for like services in the courts of the United States.

"(e) Any person who shall neglect or refuse to attend and testify, or to answer any lawful inquiry, or to produce documentary evidence, if in his power to do so, in obedience to the subpena or lawful requirement of the Administrator, shall be guilty of a misdemeanor, and upon conviction thereof be subject to imprisonment for not more than six months, a fine of not more than $3,000, or both such imprisonment and fine.

"(f) The United States district courts, the District Court of Guam, the District Court of the Virgin Islands, the highest court of American Samoa, and the United States courts of the other territories and possessions of the United States shall have jurisdiction in cases arising under this Act.

"REPORTING REQUIREMENTS

"SEC. 23. (a) On December 1 of each year, the Administrator shall report to the Committee on Agriculture of the House of Representatives and to the Committee on Agriculture and Forestry of the Senate, regarding the effectiveness of the official grain inspection system under this Act for the prior fiscal year, with recommendations for any legislative changes he believes are necessary to accomplish the objectives stated in section 2 of this Act.

"(b) The Administrator shall notify the Committee on Agriculture of the House of Representatives and the Committee on Agriculture and Forestry of the Senate (1) of any complaint regarding faulty grain delivery made to the Department by a foreign purchaser of United States grain, within thirty days after a determination by the Administrator that there is reasonable cause to believe that the grain delivery was in fact faulty, and (2) within thirty days after receipt by him or the Secretary of the cancellation of any contract for the export of more than one hundred thousand metric tons of grain.

"(c) On December 1 of each year, the Administrator shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture and Forestry of the Senate a summary of all other complaints from foreign purchasers and prospective purchasers of United States grain, and other foreign purchasers interested in the trade of grain received by the Department of Agriculture and the resolution thereof during the prior fiscal year: *Provided*, That the summary shall not include a complaint unless reasonable cause exists to believe that the complaint is valid, as determined by the Administrator.

"REGISTRATION REQUIREMENTS

"SEC. 24. (a) The Administrator shall provide, under such regulations as he may prescribe, for the registration of all persons engaged in the business of buying grain for sale in foreign commerce, and in the business of handling, weighing, or transporting of grain for sale in foreign commerce. This section shall not apply to—

"(1) any person who only incidentally or occasionally buys for sale, or handles, weighs, or transports grain for sale and is not engaged in the regular business of buying grain for sale, or handling, weighing, or transporting grain for sale;

"(2) any producer of grain who only incidentally or occasionally sells or transports grain which he has purchased;

"(3) any person who transports grain for hire and does not own a financial interest in such grain; or

"(4) any person who buys grain for feeding or processing and not for the purpose of reselling and only incidentally or occasionally sells such grain as grain.

"(b) (1) All persons registered under this Act must submit the following information to the Administrator:

"(A) the name and principal address of the business,

"(B) the names of all directors of such business,

"(C) the names of the principal officers of such business,

"(D) the names of all persons in a control relationship with respect to such business,

"(E) a list of locations where the business conducts substantial operations, and

"(F) such other information as the Administrator deems necessary to carry out the purposes of this Act.

Persons required to register under this section shall also submit to the Administrator the information specified in clauses (A) through (F) of this paragraph with respect to any business engaged in the business of buying grain for sale in interstate commerce, and in the business of handling, weighing, or transporting of grain for sale in interstate commerce, if, with respect to such business, the person otherwise required to register under this section is in a control relationship.

"(2) For purposes of subparagraph (D) of paragraph (1), the word 'person' shall mean any individual or any business entity of whatever form.

"(3) For purposes of this section, a person shall be deemed to be in a 'control relationship' with respect to a business required to register under subsection (a) and with respect to applicable interstate businesses if—

"(A) such person has an ownership interest of 10 per centum or more in such business, or

"(B) a business or group of business entities, with respect to which such person is in a control relationship, has an ownership interest of 10 per centum or more in such business.

"(4) For purposes of subparagraphs (A) and (B) of paragraph (3) above, a person shall be considered to own the ownership interest which is owned by his or her spouse, minor children, and relatives living in the same household.

"(c) The Administrator shall issue a certificate of registration to persons who comply with the provisions of this section. The certificate of registration issued in accordance with this section shall be renewed annually. If there has been any change in the information required under subsection (b), the person holding such certificate shall, within thirty days of the discovery of such change, notify the Administrator of such change. No person shall engage in the business of buying grain for sale in foreign commerce, and in the business of handling, weighing, or transporting of grain in foreign commerce unless he has registered with the Administrator as required by this Act and has an unsuspended or unrevoked certificate of registration.

"(d) The Administrator may suspend or revoke any certificate of registration issued under this section whenever, after the person holding such certificate has been afforded an opportunity for a hearing, the Administrator shall determine that such person has violated any provision of this Act or of the regulations promulgated thereunder, or has been convicted of any violation involving the weighing, handling or inspection of grain under title 18 of the United States Code. The Administrator may, without first affording such person an opportunity for a hearing, suspend any certificate of registration temporarily pending final determination whenever the Administrator deems such action to be in accordance with the purposes of this Act, except that the Administrator shall afford any such person an opportunity for hearing within thirty days after temporarily suspending such certificate of registration.

"(e) The Administrator shall charge and collect fees from any person registered pursuant to subsection (a). The amount of such fees shall be determined on the basis of the costs of the Administrator in administering the registration directed by subsection (a). Such fees shall be deposited in, and used as part of, the fund described in section 12 of this Act.

"RELATION TO STATE AND LOCAL LAWS; SEPARABILITY OF PROVISIONS

"SEC. 25. (a) No State or subdivision thereof may require the inspection or description in accordance with any standards of kind, class, quality, condition, or other characteristics of grain as a condition of shipment, or sale, of such grain in interstate or foreign commerce, or require any license for, or impose any other restrictions upon, the performance of any official inspection or official weighing function by persons licensed or authorized under this Act. Otherwise, nothing in this Act shall invalidate any law or other provision of any State or subdivision thereof in the absence of a conflict with this Act.

"(b) If any provision of this Act or the application thereof to any person or circumstance is held invalid, the validity of the remainder of this Act and of the application of such provision to other persons and circumstances shall not be affected thereby.

"APPROPRIATIONS

"SEC. 26. There are hereby authorized to be appropriated such sums as are necessary for research and development as provided in section 21; development and issuance of rules, regulations, and instructions; establishment of the fund authorized in section 12 of this Act; monitoring in foreign ports grain officially inspected under this Act; other initial Federal costs for implementing a system for Federal official inspection and official weighing for United States grain; improvement of inspection and weighing procedures and equipment, and other activities authorized by section 5 of this Act; those Federal administrative and supervisory costs not directly related to the official inspection or official weighing of grain; the purchase or lease of any buildings, other facilities, or equipment; and any other expenses necessary to carry out the provisions of this Act to the extent that financing is not obtained from the fees and sale of samples as provided for in section 12 of this Act. Such facilities and equipment may be provided by the Administrator for the use of official contractors under arrangements whereby the cost thereof will be amortized and reimbursed to the current appropriation for administration of this Act from fees collected by such contractors over a reasonable period of time determined by the Administrator.".

SEC. 2. Section 5316 of title 5, United States Code, as amended, is amended by adding at the end thereof a new paragraph to read as follows:

"(137) Administrator, Federal Grain Inspection Agency, Department of Agriculture.".

SEC. 3. Notwithstanding the provisions of section 3709 of the Revised Statutes (41 U.S.C. 5) and section 302 of the Federal

Property and Administrative Services Act of 1949 (40 U.S.C. 490), the Administrator of the Federal Grain Inspection Agency is authorized to negotiate for and purchase or lease, from any person licensed or designated (on the date of enactment of this Act) to perform official inspection functions under the United States Grain Standards Act, at fair market value, any facilities or equipment which the Administrator determines to be necessary for the conduct of official inspection.

SEC. 4. (a) The Administrator of the Federal Grain Inspection Agency is authorized to hire (without regard to the provisions of title 5, United States Code, governing appointments in the competitive service) as official personnel any individual who (on the date of enactment of this Act) is licensed, authorized, or otherwise certified as qualified under the United States Grain Standards Act as amended by this Act, or by a State or a political subdivision thereof, to perform such functions and is performing functions which will be assumed by the Federal Grain Inspection Agency under the United States Grain Standards Act as amended by this Act; *Provided*, That the Administrator determines that such individuals are technically and professionally qualified for the duties to which they will be assigned.

(b) With respect to persons hired under the provisions of subsection (a) of this section who prior thereto had been employed by a State or political subdivision thereof, the following additional provisions will apply—

(1) Notwithstanding section 5333 of title 5, United States Code (pertaining to new appointments), and section 5334 of title 5, United States Code (pertaining to pay on change of position), the basic pay of an appointee shall be at that rate of grade of his position which is equal to his rate of compensation from the private inspection agency or the State, or political subdivision thereof at not to exceed maximum rates set by the administrator on the last day of his employment prior to his appointment, or, if there is no such rate, then at the rate which exceeds his former rate by the least amount. If there is no rate within the grade of his position which equals or exceeds his former rate, he shall receive basic pay at his former rate until such time as he otherwise qualifies for an increased rate. The period of service required for an appointee to qualify for the benefits of section 5335 of title 5, United States Code (pertaining to periodic step increases), shall be computed from the date of appointment.

(2) In determining the length of the appointee's service to be credited for the purposes of the Civil Service Commission regulations pertaining to career tenure, probationary period, rate of annual leave accrual, group life or health insurance, and retention credit in reduction-in-force, full credit shall be given for service with the private inspection agency or the State, or political subdivision thereof by which the appointee was employed on the last day of his employment prior to his appointment.

(3) An appointee shall be credited with sick leave equal to the balance of sick leave outstanding, in the service of the private inspection agency or the State or political subdivision thereof by which the appointee was employed, on the last day of his employment prior to his appointment, except if he has been compensated for that sick leave, or if it has been applied so as to increase the actuarial value of any vested interest of the employee in a retirement system of that State or political subdivision. Sick leave so credited shall not be credited as unused sick leave for the purposes of section 8339 of title 5, United States Code (pertaining to the computation of annuity), and shall be available for use as sick leave by the appointee only after he has exhausted any accruals of sick leave under section 6307 of title 5, United States Code. An appointee who is separated from Federal civil service with a balance of sick leave so credited shall not, during any subsequent period of Federal civil service employment, be recredited with any portion of that balance.

(4) Notwithstanding provisions to the contrary of section 8332 of title 5, United States Code (pertaining to creditable service), for the purposes of the annuity computed under section 8339 of title 5, United States Code, an appointee eligible therefor shall be credited with any service with the private inspection agency or the State, territory, or political subdivision thereof by which he was employed on the last day of his employment prior to his appointment except if the appointee has qualified for or is eligible to qualify for an annuity or other payment on the account of retirement (for reasons of age or disability) from such private inspection agency or State or political subdivision thereof in consideration of such service, then such appointee must transfer to the Federal Government of the United States the benefit of such annuity or payment in writing, in order to qualify for the provisions of this section.

SEC. 5. Section 1114 of title 18 of the United States Code, as amended, is amended by inserting after "animal diseases", the following: "any employee of the Federal Grain Inspection Agency of the Department of Agriculture assigned to perform official inspection or official weighing, or the supervision thereof, under the United States Grain Standards Act,".

SEC. 6. In order to assure that producers, handlers, and transporters of grain are encouraged and rewarded for the production, maintenance, and delivery of high quality grain, the Administrator of the Federal Grain Inspection Agency is hereby authorized and directed to conduct a study regarding the adequacy of the current grain standards, established under the United States Grain Standards Act. The study shall address specifically, but is not limited thereto, the tasks of determining (i) if standards may be developed that would reduce grading errors and remove, where possible, subjective human judgment from grading by increased utilization of mechanical, electrical, and chemical means of grading; (ii) whether grain should be subclassed according to color or other factor not affecting the quality of the grain; (iii) whether the protein factor should be included in the standards; and (iv) whether broken grain should be grouped together with foreign material. On the basis of the results of such study, the Administrator shall, in accordance with section 5 of the United States Grain Standards Act, make such changes in the grain standards as he determines necessary and appropriate, and, not later than two years after the enactment of this Act, submit a report to the Congress setting forth the findings of such a study.

SEC. 7. The powers, duties and authorizations established by this Act for the Administrator of the Federal Grain Inspection Agency shall in all instances be exercised, in the interim between the effective date of this Act and the appointment of the Administrator, by the Secretary of Agriculture of the United States.

EFFECTIVE DATE

SEC. 8. This Act shall become effective thirty days after enactment hereof, except that any State or person then providing official inspection service or weighing services to be assumed under the provisions of this Act in any area and licensees employed thereby, may continue to operate in that area, subject to the rules and regulations issued by the Administrator of the Federal Grain Inspection Agency, until whichever of the following events occurs first:

(1) with respect to export elevators, the expiration of a reasonable period, not to exceed one year, specified in a notification issued to the State or person that official inspection and official weighing at the elevator involved will be provided under this Act; or

(2) the Administrator determines that official inspection or official weighing in an area serviced by such person shall be performed by Federal employees permanently under this Act or pending performance of such functions under a contract or official weighing by a State pursuant to an agreement with the Administrator under this Act; or

(3) such persons, or two or more members or employees thereof, have been convicted of any offense involving the handling, weighing, or inspection of grain or with respect to performance of official duties under the United States Grain Standards Act as amended by this Act, proscribed in title 18, United States Code; or of a violation of any provision of the United States Grain Standards Act in effect immediately prior to the date of enactment hereof; or of a violation of any provision of the United States Grain Standards Act as amended hereby: *Provided, however*, That the administrator is authorized and directed to cause official inspection and official weighing of grain to be performed by atuhorized employees of the Agency under this Act, to begin immediately thereafter such effective date, at those export elevators at which the Administrator determines that such performance by employees of the Agency is necessary to effectuate the provisions of section 2 of the United States Grain Standards Act is amended by this Act: *And provided further*, That in no event shall any State or person then providing official inspection in any area or weighing services to be assumed under this Act at any export elevator or major inland terminal elevator be authorized to officially inspect grain under the United States Grain Standards Act or provide such weighing of grain except pursuant to a contract or an agreement with the Administrator, after the expiration of two years following the date of enactment hereof.

SHORT TITLE

SEC. 9. This Act may be cited as the "Grain Inspection Reform Act of 1976".

Mr. HUMPHREY. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that further consideration of S. 3055 be indefinitely postponed.

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

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make any necessary technical and clerical corrections in the engrossment of the Senate amendment to H.R. 12572.

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

Mr. HUMPHREY. Mr. President, I move that the Senate insist upon its amendment and request a conference with the House of Representatives on the disagreeing votes of the two Houses thereon and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. TAL-

MADGE, Mr. McGOVERN, Mr. HUMPHREY Mr. HUDDLESTON, Mr. CLARK, Mr. DOLE, Mr. YOUNG, and Mr. BELLMON conferees on the part of the Senate.

Mr. HUMPHREY. Mr. President, I shall take just this very brief moment to pay my respects and thanks to the staff of the Committee on Agriculture and Forestry and those who were particularly assigned to the work of this legislation. I consider their work to be of the highest professional caliber. They spent many hours to carry out the investigation that had to go into this study and the preparation of the legislation which has been adopted here by the Senate.

So I express thanks particularly to the chief of staff, Mr. Michael R. McLeod, and to all of his associates, and I shall include them by name in the RECORD: Carl P. Rose, William A. Taggart, and James C. Webster. I express thanks to the following personnel of the grain investigation staff: Phillip L. Fraas, Bert L. Williams, Hugh M. Williamson, and Ann C. Bond. And I also wish to thank Nelson Denlinger of my staff for his help.

I express our thanks to the General Accounting Office for the study carried out which was of major importance in this investigation.

I also pay special recognition to those in the media, particularly in the press corps, who did such an excellent job of reporting the developments in the grain inspection difficulties and scandal. I think this was very instrumental in bringing to the public's attention some of the mistakes that were being made and some of the difficulties that we were encountering. I express to them our sincere thanks.

I also express thanks to our colleagues.

This legislation, at least legislation of this kind, with whatever differences we may have, is needed.

The Senator from Kansas (Mr. DOLE) has been a tremendous help in the preparation of legislation. He disagreed with the final bill, but he and I both know that we will work out some of these differences in conference.

I also say that every member of the two subcommittees, and the subcommittee chaired by Mr. HUDDLESTON and the subcommittee that I am privileged to chair, worked long hours over many months to perfect this legislation. So, I express my thanks to our colleagues.

Mr. DOLE. Mr. President. let me express my appreciation to the distinguished Senator from Minnesota, the staff, and others who have brought this to light and worked on legislation.

Let me also add, as the view of the Senator from Kansas, that the bill passed by the Senate will never become law, and it is the view of the Senator from Kansas that we may now go to conference and come up with some semblance of good legislation.

There has never been any difference of opinion in the committee about the need for tightening up the program. I guess the only questions raised are in which direction we go, whether we go for a Federal takeover or at least a Federal-State-private working relationship. That is the position the Senator from Kansas holds.

For that reason, the Senator from Kansas voted against final passage but, as indicated, it is the prediction of this Senator that when we go to conference it is going to be a very tough conference. The House of Representatives has some very strong reservations about many provisions in the Senate bill, but it is the view of the Senator when we come from conference we will have a bill that can be supported unanimously by the Senate.

I yield the floor.

ORDER OF BUSINESS

The PRESIDING OFFICER. Who seeks recognition?

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

THE FEDERAL ELECTION CAMPAIGN ACT

Mr. HELMS. Mr. President, the conference on the Federal Election Campaign Act met this afternoon, as I understand it; and, as I further understand, the conference will meet again tomorrow.

This committee may or may not bring forth a finished report on the bill. Without seeing the finished text, it is fairly obvious from what we already know that no report can emerge from the conference which is worthy of approval by the Senate. However, in the event that the Senate does approve this bill in the form in which I understand it will be presented to the Senate, I hope that the President of the United States will veto it.

Mr. President, it has been reported widely in the news media—and I am certain that the reports are accurate—that the Presidential candidates are clamoring for quick passage of this bill so that the Federal Election Commission may be reconstituted and that distribution of the taxpayers' funds now being held up by the U.S. Supreme Court decision will be resumed as soon as possible. But there is at least one candidate for President, I say to the distinguished Presiding Officer, who is not clamoring for this legislation. I talked with Ronald Reagan today, and he informed me in no uncertain terms that he is full-out opposed to the bill as it now stands.

He would much rather have the President veto this bill, even though obviously there would be practical disadvantage to the financial structure of the Reagan campaign. The Reagan campaign is experiencing financial difficulties, as I understand the other are experiencing. The Reagan campaign could use the money. But as Governor Reagan put it in our telephone conversation today, this bill involves too high a price to pay for the money involved.

I compliment the distinguished former Governor of California for his stand in this matter, because the Senator from North Carolina never has favored the distribution of the taxpayers' money for political campaigns. I voted against the concept. I am unalterably opposed to it. I consider it a rip-off of the taxpayer.

So I say again, Mr. President, that I commend Ronald Reagan for his stand; and I hope there may be some other candidates who will take a like position. But in the event that Congress does approve this bill, as I understand it to be, I hope the President of the United States will veto it. He will be well advised to do so.

QUORUM CALL

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

HOUSING AMENDMENTS OF 1976

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate now proceed, without further action to be taken thereon, to the consideration of S. 3295.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (S. 3295) 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.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill? The Chair hears none, and it is so ordered.

ORDER FOR RECOGNITION OF MR. HELMS ON TOMORROW AND WEDNESDAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on tomorrow and on Wednesday, after the two leaders or their designees have been recognized under the standing order, Mr. HELMS be recognized for not to exceed 15 minutes.

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

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene tomorrow at 12 o'clock noon.

After the two leaders or their designees have been recognized under the standing order, Mr. HELMS will be recognized for not to exceed 15 minutes, after which there will be a period for the transaction of routine morning business, not to extend beyond 1 p.m., with statements therein limited to 5 minutes each.

At 1 p.m., by unanimous consent, the Senate will resume consideration of the then unfinished business, S. 3295.

Rollcall votes are expected on amendments thereto and on final passage.

Other measures which will be coming along, beginning with tomorrow and later in the week, have been outlined earlier today by the distinguished majority leader.

ADJOURNMENT

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 12 o'clock noon tomorrow.

The motion was agreed to; and at 5:46 p.m. the Senate adjourned until tomorrow, Tuesday, April 27, 1976, at 12 noon.

NOMINATIONS

Executive nominations received by the Senate April 26, 1976:

In the Judiciary

Ralph B. Guy, Jr., of Michigan, to be U.S. district judge for the eastern district of Michigan, vice Frederick W. Kaess, retired.

Department of State

Francis E. Meloy, Jr., of the District of Columbia, a Foreign Service officer of the class of career minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Lebanon.

Department of State

John H. Reed, of Maine, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Sri Lanka, and to serve concurrently and without additional compensation as Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Maldives.

In the Judiciary

Laughlin E. Waters, of California, to be U.S. district judge for the central district of California, vice Jesse W. Curtis, retired.

In the Judiciary

Richard A. Revell, of Kentucky, to be U.S. district judge for the western district of Kentucky, vice James F. Gordon, retired.

Department of Justice

Frank S. Spies, of Michigan, to be U.S. attorney for the western district of Michigan for the term of 4 years, vice John P. Milanowski, resigned.

Department of Justice

Bruce R. Montgomery, of Tennessee, to be U.S. marshal for the eastern district of Tennessee for the term of 4 years, vice Leon B. Sutton, Jr., resigned.

Department of Labor

John Conyers Read, of Virginia, to be an Assistant Secretary of Labor, vice Paul J. Fasser, Jr., resigned.

Central Intelligence

E. Henry Knoche, of Virginia, to be Deputy Director of Central Intelligence, vice Lt. Gen. Vernon Anthony Walters, U.S. Army.

Federal Reserve System

David M. Lilly, of Minnesota, to be a member of the Board of Governors of the Federal Reserve System for the unexpired term of 14 years from February 1, 1964, vice Robert C. Holland, resigned.

Mississippi River Commission

Brig. Gen. Elvin Ragnvald Heiberg III, Corps of Engineers, to be a member of the Mississippi River Commission under the provisions of section 2 of the act of Congress approved 28 June 1879 (21 Stat. 37) (33 U.S.C. 642). vice Brig. Gen. Wayne S. Nichols, retired.

National Commission on Libraries and Information Science

The following-named persons to be members of the National Commission on Libraries and Information Science for the terms indicated:

For the remainder of the term expiring July 19, 1977:

Ralph A. Renick, of Florida, vice Harold C. Crotty, resigned.

For terms expiring July 19, 1980:

Frederick H. Burkhardt, of Vermont (reappointment).

Marian Pollensky Leith, of North Carolina, vice W. O. Baker, term expired.

Mildren E. Younger, of California, vice Leslie W. Dunlap, term expired.

National Institute of Building Sciences

The following-named persons to be members of the Board of Directors of the National Institute of Building Sciences for the terms indicated commencing on the date of incorporation (new positions):

For a term of 1 year:

Robert J. Brungraber, of Pennsylvania.
Leo J. Cantor, of Virginia.
Jodie R. Johnson, of Mississippi.
Joseph H. Newman, of New Jersey.
Charles H. Pillard, of Maryland.
Robert F. Schmitt, of Ohio.

For a term of 2 years:

William F. Floyd III, of Georgia.
Jasper S. Hawkins, of California.
Warner Howe, of Tennessee.
Charlene F. Sizemore, of West Virginia.
S. Peter Volpe, of Massachusetts.
Jeremiah T. Walsh, of New York.

For a term of 3 years:

O. M. Mader of Pennsylvania.
Robert A. Georgine, of Maryland.
Rudard A. Jones, of Illinois.
David S. Miller, of Ohio.
Glen R. Swenson, of Utah.
Herbert H. Swinburne, of Pennsylvania.

National Oceanic & Atmospheric Administration

Subject to qualifications provided by law, the following for permanent appointment to the grades indicated in the National Oceanic and Atmospheric Administration:

To be lieutenants

William J. Lounsbery.

To be lieutenants (junior grade)

David L. Gardner.
David C. McConaghy.

In the Army

The following-named officer under the provisions of title 10, United States Code, section 3066, to be assigned to a position of importance and responsibility designated by the President under subsection (a) of section 3066, in grade as follows:

To be general

Lt. Gen. William Allen Knowlton, xxx-xx-x... xxx-... Army of the United States (major general, U.S. Army).

In the Air Force

The following Air Force officer for reappointment to the active list of the Regular Air Force in the grade indicated, under the provisions of sections 1210 and 1211, title 10, United States Code:

LINE OF THE AIR FORCE

To be captain

Johnson, Robert W., xxx-xx-xxxx.

The following officers for appointment in the Regular Air Force, in the grades indicated, under the provisions of section 8284, title 10, United States Code, with a view to designation under the provisions of section 8067, title 10, United States Code, to perform the duties indicated, and with dates of rank to be determined by the Secretary of the Air Force:

MEDICAL CORPS

To be captain

Briccetti, Albert B., xxx-xx-xxxx.

DENTAL CORPS

To be captain

Huggins, Guy H., xxx-xx-xxxx.

To be first lieutenant

Frost, David E., xxx-xx-xxxx.

JUDGE ADVOCATE

To be captain

Anderson, Perry L., xxx-xx-xxxx.

The following Air Force officers for appointment as permanent professors, U.S. Air Force Academy, under the provisions of section 9333(b), title 10, United States Code:

Rokke, Ervin J., xxx-xx-xxxx.
Williams, John W., Jr., xxx-xx-xxxx.

The following officer for promotion in the Regular Air Force under the appropriate provisions of chapter 835, title 10, United States Code as amended. All officers are subject to physical examination required by law:

LINE OF THE AIR FORCE

Captain to major

Schruefer, Robert J., xxx-xx-xxxx.

The following persons for appointment as a Reserve of the Air Force in the grade indicated, under the provisions of section 593, title 10, United States Code, with a view to designation under the provisions of section 8067, United States Code, to perform the duties indicated:

MEDICAL CORPS

To be lieutenant colonel

Applestein, Bruce, xxx-xx-xxxx.
Beardsley, Earl M., xxx-xx-xxxx.
Beirne, Clinton G., xxx-xx-xxxx.
Beirne, Gilbert A., xxx-xx-xxxx.
Brada, Donald R., xxx-xx-xxxx.
Budding, Jacobus, xxx-xx-xxxx.
Caillouet, Gilbert E., xxx-xx-xxxx.
Cubberley, David A., xxx-xx-xxxx.
Deatrick, Richard W., xxx-xx-xxxx.
Delcampo, Enrique J., xxx-xx-xxxx.
Downing, Donald D., xxx-xx-xxxx.
Gretchen, Edward A., xxx-xx-xxxx.
Lansford, Doyle K., xxx-xx-xxxx.
Ransmeier, Robert E., xxx-xx-xxxx.
Reaves, Charles E., xxx-xx-xxxx.
Schaefer, Norman E., xxx-xx-xxxx.

DENTAL CORPS

To be lieutenant colonel

Banks, Rill G., xxx-xx-xxxx.
Bryan, Edward P., xxx-xx-xxxx.

The following persons for appointment as temporary officers in the U.S. Air Force, in the grade indicated, under the provisions of sections 8444 and 8447, Title 10, United States Code, with a view to designation under the provisions of section 8067, title 10, United States Code, to perform the duties indicated:

MEDICAL CORPS

To be lieutenant colonel

Bailey, George O., xxx-xx-xxxx.
Beardsley, Earl M., xxx-xx-xxxx.
Beirne, Clinton G., xxx-xx-xxxx.
Beirne, Gilbert A., xxx-xx-xxxx.
Budding, Jacobus, xxx-xx-xxxx.
Caillouet, Gilbert E., xxx-xx-xxxx.
Glifford, Joseph C., xxx-xx-xxxx.
Cubberley, David A., xxx-xx-xxxx.
Deatrick, Richard W., xxx-xx-xxxx.
Delcampo, Enrique J., xxx-xx-xxxx.

Downing, Donald D., xxx-xx-xxxx
Fajardo, Manuel M., xxx-xx-xxxx
Gretchen, Edward A., xxx-xx-xxxx
Herrick, Kenneth R., xxx-xx-xxxx
Lee, Thomas C., xxx-xx-xxxx
Machowski, Roman J., xxx-xx-xxxx
Madoff, Lawrence, xxx-xx-xxxx
Messer, Henry H., xxx-xx-xxxx
Poulsen, Alden L., xxx-xx-xxxx
Ransmeier, Robert E., xxx-xx-xxxx
Rodriguez, Augusto P., xxx-xx-xxxx
Sanders, Lawrence T., xxx-xx-xxxx
Wang, George Y.M., xxx-xx-xxxx
Warness, Richard E., xxx-xx-xxxx
Wright, George D., xxx-xx-xxxx

The following officers for promotion in the Air Force Reserve, under the provisions of sections 8376 and 593, Title 10, United States Code:

LINE OF THE AIR FORCE

Major to lieutenant colonel

Billett, David L., xxx-xx-xxxx

MEDICAL CORPS

Boytar, Alexander A., xxx-xx-xxxx
Dunn, Latimer E., xxx-xx-xxxx
Fry, Delos H., xxx-xx-xxxx
Johnson, Douglas N., xxx-xx-xxxx
Kopp, Lamonte P., xxx-xx-xxxx
Livonia, Robert A., xxx-xx-xxxx
Murdoch, Donald J., xxx-xx-xxxx
Pritchett, Paul E., xxx-xx-xxxx
Roldan, Erlinda C., xxx-xx-xxxx
Sinder, William J., xxx-xx-xxxx
Sorgen, Robert W., xxx-xx-xxxx
Woddell, William J., xxx-xx-xxxx

NURSE CORPS

Meister, Joan, xxx-xx-xxxx

BIOMEDICAL SCIENCES CORPS

Arnold, Eugene L., xxx-xx-xxxx
Davison, Robert L., xxx-xx-xxxx

IN THE ARMY

The following-named scholarship students for appointment in the Regular Army of the United States in the grade of second lieutenant, under the provisions of title 10, United States Code, sections 2107, 3283, 3284, 3286, 3287, 3288, and 3290:

Abbott, Verlin L., xxx-xx-xxxx
Abe, Gary K., xxx-xx-xxxx
Abreu, Michael H., xxx-xx-xxxx
Adame, Pedro C., xxx-xx-xxxx
Adamson, John D., xxx-xx-xxxx
Adams, James C., Jr., xxx-xx-xxxx
Adams, Stephen C., xxx-xx-xxxx
Adelizzi, Michael A., xxx-xx-xxxx
Adkins, Richard W., xxx-xx-xxxx
Africa, Thomas C., xxx-xx-xxxx
Alexander, Steven M., xxx-xx-xxxx
Allen, Jake J., xxx-xx-xxxx
Allen, Kenneth D., xxx-xx-xxxx
Alston, Keith W., xxx-xx-xxxx
Altland, John T., xxx-xx-xxxx
Anderson, Robert B., Jr., xxx-xx-xxxx
Anderson, Steven H., xxx-xx-xxxx
Anderson, James D., xxx-xx-xxxx
Anderson, James R., xxx-xx-xxxx
Andraschko, Steven L., xxx-xx-xxxx
Antee, Terry G., xxx-xx-xxxx
Anton, Henry G., xxx-xx-xxxx
Arciero, Robert A., xxx-xx-xxxx
Arnone, Robert F., xxx-xx-xxxx
Arny, Jan W., xxx-xx-xxxx
Askins, Thomas R., xxx-xx-xxxx
Asp, Arnold A., xxx-xx-xxxx
Atterbury, Robert T., Jr., xxx-xx-xxxx
Aubry, Paul J., xxx-xx-xxxx
Austin, Maynard A., Jr., xxx-xx-xxxx
Babich, Ronold P., xxx-xx-xxxx
Baggott, John E., Jr., xxx-xx-xxxx
Baker, Allen S., xxx-xx-xxxx
Bales, James A., xxx-xx-xxxx
Ball, Charles R., xxx-xx-xxxx
Ball, John E., xxx-xx-xxxx
Banks, Gregory S., xxx-xx-xxxx
Barbaro, Richard R., xxx-xx-xxxx
Bardsley, Lance W., xxx-xx-xxxx
Barker, Devlyon S., xxx-xx-xxxx
Barletta, Dennis M., xxx-xx-xxxx
Barnes, Mabra C., xxx-xx-xxxx
Bartz, Timothy J., xxx-xx-xxxx
Bauman, John M., xxx-xx-xxxx
Bearup, Wylie K., xxx-xx-xxxx
Beckham, Ricky L., xxx-xx-xxxx
Bergeron, Noel B., xxx-xx-xxxx
Berkstresser, Robert L., xxx-xx-xxxx
Bertram, Kenneth A., xxx-xx-xxxx
Bielefeldt, Kurt O., xxx-xx-xxxx
Biestek, Frederick A., Jr., xxx-xx-xxxx
Biose, Todd E., xxx-xx-xxxx
Bissel, Rodney C., xxx-xx-xxxx
Blackmon, Irvin R., xxx-xx-xxxx
Blankinship, Bruce T., xxx-xx-xxxx
Block, Dennis C., xxx-xx-xxxx
Blue, Rayford O., Jr., xxx-xx-xxxx
Bodenhamer, Nancy W., xxx-xx-xxxx
Bohle, Franklin C., xxx-xx-xxxx
Boles, Vincent E., xxx-xx-xxxx
Boll, Kenneth H., Jr., xxx-xx-xxxx
Bolton, Edwin A., xxx-xx-xxxx
Bondy, Frank R., xxx-xx-xxxx
Boor, Wayne A., xxx-xx-xxxx
Borg, Axel E., xxx-xx-xxxx
Borrowski, Stephen D., xxx-xx-xxxx
Borrell, Ronald A., xxx-xx-xxxx
Borzcik, Michael A., xxx-xx-xxxx
Bosco, Don M., xxx-xx-xxxx
Boughton, David C., xxx-xx-xxxx
Bourgoine, Daniel J., xxx-xx-xxxx
Bowerman, Richard D., xxx-xx-xxxx
Bowman, Robert L., xxx-xx-xxxx
Boyd, Herchell A., xxx-xx-xxxx
Bracht, Gary A., xxx-xx-xxxx
Bragg, Philip C., xxx-xx-xxxx
Brakefield, Arthur C., xxx-xx-xxxx
Brame, William L., Jr., xxx-xx-xxxx
Brenes, Julio, xxx-xx-xxxx
Brian, John J., xxx-xx-xxxx
Brogden, Theodore E., xxx-xx-xxxx
Brooke, James L., xxx-xx-xxxx
Brown, Kenneth R., xxx-xx-xxxx
Brown, Leonard W., xxx-xx-xxxx
Brown, Mark L., xxx-xx-xxxx
Brown, Michael T., xxx-xx-xxxx
Brown, Thomas G., xxx-xx-xxxx
Bryant, Dennis A., xxx-xx-xxxx
Bryant, Guy R., xxx-xx-xxxx
Bryant, Monte E., xxx-xx-xxxx
Buckingham, Andrew L., xxx-xx-xxxx
Buckley, Michael B., xxx-xx-xxxx
Buckstad, Robert D., xxx-xx-xxxx
Buck, Larry W., xxx-xx-xxxx
Budrus, Wayne E., xxx-xx-xxxx
Buechler, Nicholas J., xxx-xx-xxxx
Bulger, James D., xxx-xx-xxxx
Bunch, Harold G., xxx-xx-xxxx
Burdette, Randall P., xxx-xx-xxxx
Burke, Charles S., xxx-xx-xxxx
Burks, Larry, xxx-xx-xxxx
Burnette, Ollen L., III, xxx-xx-xxxx
Burr, Edward L., xxx-xx-xxxx
Bussey, James L., xxx-xx-xxxx
Buterbaugh, Roger W., xxx-xx-xxxx
Butts, Steven J., xxx-xx-xxxx
Buxton, Richard B., xxx-xx-xxxx
Cambria, Salvatore F., xxx-xx-xxxx
Campbell, Douglas W., xxx-xx-xxxx
Canale, Steven J., xxx-xx-xxxx
Carey, Richard S., Jr., xxx-xx-xxxx
Carrle, Gunther O., xxx-xx-xxxx
Carter, Robert D., xxx-xx-xxxx
Cartner, Bruce W., xxx-xx-xxxx
Caskey, John T., xxx-xx-xxxx
Casmus, David, xxx-xx-xxxx
Cavender, Thomas I., xxx-xx-xxxx
Cervantes, Arturo, xxx-xx-xxxx
Cessna, Marion L., xxx-xx-xxxx
Chadderdon, Able R., xxx-xx-xxxx
Chadwick, Charles R., xxx-xx-xxxx
Chambers, Edward T., Jr., xxx-xx-xxxx
Champagne, Peter M., xxx-xx-xxxx
Chaney, Anthony W., xxx-xx-xxxx
Chastain, Kenneth W., xxx-xx-xxxx
Checketts, Chad A., xxx-xx-xxxx
Childers, Darrell W., xxx-xx-xxxx
Chilton, James Y., xxx-xx-xxxx
Citizen, Gregory D., xxx-xx-xxxx
Clapp, Randy M., xxx-xx-xxxx
Clark, Joseph W., xxx-xx-xxxx
Clark, Michael J., xxx-xx-xxxx
Clemence, Neil J., xxx-xx-xxxx
Cline, Robert A., xxx-xx-xxxx
Cody, Michael H., xxx-xx-xxxx
Coleman, Michael J., xxx-xx-xxxx
Coletta, Robert D., xxx-xx-xxxx
Colvard, David O., xxx-xx-xxxx
Comeford, Lawrence D., xxx-xx-xxxx
Conn, Richard L., xxx-xx-xxxx
Considine, Timothy P., xxx-xx-xxxx
Cooksey, Otis E., xxx-xx-xxxx
Cook, Hugh T., xxx-xx-xxxx
Cortner, Scott C., xxx-xx-xxxx
Coulter, Robert N., xxx-xx-xxxx
Cox, Donald H., xxx-xx-xxxx
Cox, Stephen M., xxx-xx-xxxx
Crafton, John B., xxx-xx-xxxx
Crotteau, Craig A., xxx-xx-xxxx
Crowe, Mark A., xxx-xx-xxxx
Curlee, Steven A., xxx-xx-xxxx
Curl, William W., Jr., xxx-xx-xxxx
Dalena, Stephen J., xxx-xx-xxxx
Danielson, Scott G., xxx-xx-xxxx
Davies, Dale T., xxx-xx-xxxx
Davies, John H., xxx-xx-xxxx
Davis, Gregory A., xxx-xx-xxxx
Davis, Harold, Jr., xxx-xx-xxxx
Davis, Harry Q., III, xxx-xx-xxxx
Davis, William H., Jr., xxx-xx-xxxx
Davgren, John E., xxx-xx-xxxx
Day, Jesse L., xxx-xx-xxxx
De La Pena, Rene G., xxx-xx-xxxx
Dees, Robert N., xxx-xx-xxxx
Dehler, Mark F., xxx-xx-xxxx
Dejohn, Michael A., xxx-xx-xxxx
Delaney, Michael A., xxx-xx-xxxx
Del Do Louis J., Jr., xxx-xx-xxxx
Devlin, Mark J., xxx-xx-xxxx
Dietzmann, Ronald R., xxx-xx-xxxx
Dixon, James C., xxx-xx-xxxx
Doherty, Stephen F., xxx-xx-xxxx
Dolan, John J., xxx-xx-xxxx
Dombroski, Kenneth R., xxx-xx-xxxx
Dooley, Michael J., xxx-xx-xxxx
Dorsett, Cecil R., Jr., xxx-xx-xxxx
Douthit, Evan A., xxx-xx-xxxx
Dowell, James D., xxx-xx-xxxx
Doyle, James P., Jr., xxx-xx-xxxx
Drake, William L., II, xxx-xx-xxxx
Drury, David K., xxx-xx-xxxx
Dubbe, Daniel B., xxx-xx-xxxx
Dudley, Marcus G., xxx-xx-xxxx
Dukanauskas, Daniel A., xxx-xx-xxxx
Dunn, James L., xxx-xx-xxxx
Dunn, Robert M., xxx-xx-xxxx
Durbin, John B., xxx-xx-xxxx
Durkee, Wentworth X., Jr., xxx-xx-xxxx
D'Andrea, Paul M., xxx-xx-xxxx
Easter, Rocky G., xxx-xx-xxxx
Eaves, Royce L., Jr., xxx-xx-xxxx
Ehret, Robert S., xxx-xx-xxxx
Ellison, Charles A., xxx-xx-xxxx
Ellis, Donald C., xxx-xx-xxxx
Ellis, Kennieth W., xxx-xx-xxxx
Ellis, Samuel G., xxx-xx-xxxx
Emard, Wayne F., xxx-xx-xxxx
Engelbrektsson, Eric O., xxx-xx-xxxx
English, James V., xxx-xx-xxxx
Esper, Michael H., xxx-xx-xxxx
Evans, David F., xxx-xx-xxxx
Evans, Jeffrey C., xxx-xx-xxxx
Falkner, William C., xxx-xx-xxxx
Fanelli, Richard P., xxx-xx-xxxx
Faust, James T., xxx-xx-xxxx
Favier, William R., xxx-xx-xxxx
Fensterer, John F., xxx-xx-xxxx
Fields, Chester M., xxx-xx-xxxx
Fil, Joseph F., Jr., xxx-xx-xxxx
Finney, Jerrold M., xxx-xx-xxxx
Firth, Mark R., xxx-xx-xxxx
Fleming, Gary A., xxx-xx-xxxx
Fletcher, Charles E., xxx-xx-xxxx
Fogle, Stephen R., xxx-xx-xxxx
Folkerth, Richard E., Jr., xxx-xx-xxxx
Folsom, Rick W., xxx-xx-xxxx
Ford, Christopher M., xxx-xx-xxxx
Forney, Rex, xxx-xx-xxxx
Fortune, Anthony W., xxx-xx-xxxx
Forystek, Wesley P., xxx-xx-xxxx

Foster, Michael J., xxx-xx-xxxx.
Fowler, Chester D., xxx-xx-xxxx.
Fowler, Elton L., xxx-xx-xxxx.
Freeman, Bradley D., xxx-xx-xxxx.
Fronzaglia, Robert J., xxx-xx-xxxx.
Fuller, Nancy C., xxx-xx-xxxx.
Fulmer, Roland R., II, xxx-xx-xxxx.
Funderburg, Michael E., xxx-xx-xxxx.
Furst, Gregory S., xxx-xx-xxxx.
Gabriel, Peter H., xxx-xx-xxxx.
Gaines, David P., xxx-xx-xxxx.
Gaither, Neal S., xxx-xx-xxxx.
Galbreath, Durward H., xxx-xx-xxxx.
Gambino, Paul V., xxx-xx-xxxx.
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Wright, Steven C., xxx-xx-xxxx
Yates, Roland J., xxx-xx-xxxx
York, Thomas E., xxx-xx-xxxx
Youngren, Mark A., xxx-xx-xxxx
Young, Anthony W., xxx-xx-xxxx
Zahner, Richard P. R., xxx-xx-xxxx
Zak, William R., xxx-xx-xxxx
Zapata, Julian S., xxx-xx-xxxx
Zielinski, Edmund J., xxx-xx-xxxx
Zipp, Bernard F., xxx-xx-xxxx
Zoltek, Stanley J., xxx-xx-xxxx

The following-named distinguished military students for appointment in the Regular Army of the United States in the grade of second lieutenant under the provisions of title 10, United States Code, sections 2106, 3283, 3284, 3286, 3287, 3288, and 3290:

Long, Harold B., III, xxx-xx-xxxx
Skelly, Dennis M., xxx-xx-xxxx

IN THE ARMY

The following-named officer for appointment as permanent professor of mechanics, U.S. Military Academy, under the provisions of title 10, United States Code, sections 4331 and 4333:

Carroll, William F., xxx-xx-xxxx

The following-named persons for reappointment in the active list of the Regular Army of the United States, from the temporary disability retired list, under the provisions of title 10, United States Code, section 1211:

To be colonel, Regular Army, and colonel, Army of the United States:

Pope, Cornell, xxx-xx-xxxx
Schell, Rieder W., xxx-xx-xxxx

To be lieutenant colonel, Regular Army, and colonel, Army of the United States:

Hughes, Rosamond, xxx-xx-xxxx

The following-named persons for appointment in the Regular Army of the United States, in the grade specified, under the provisions of title 10, United States Code, sections 3283 through 3294 and 3311:

To be major

Beebe, Donald J., xxx-xx-xxxx
Falkner, Joe S., Jr., xxx-xx-xxxx
Gilreath, Charles E., Jr., xxx-xx-xxxx
Hendrickson, Charles W., xxx-xx-xxxx
Kimerling, Roy D., xxx-xx-xxxx
Lewis, Andrew C., xxx-xx-xxxx
Peoples, John L., Jr., xxx-xx-xxxx
Poole, James R., xxx-xx-xxxx
Shaneyfelt, Stanley E., xxx-xx-xxxx
Stevens, Harlow H., xxx-xx-xxxx

To be captain

Arron, Larry D., xxx-xx-xxxx
Adam, Walter H., xxx-xx-xxxx
Alley, John E., xxx-xx-xxxx
Andrews, Archie D., Jr., xxx-xx-xxxx
Andrews, Teddy G., xxx-xx-xxxx
Armstrong, David J., xxx-xx-xxxx
Back, John E., Jr., xxx-xx-xxxx
Barber, Russel J., xxx-xx-xxxx
Beale, Thomas L., xxx-xx-xxxx
Bell, Stephen P., xxx-xx-xxxx
Bell, William A., Jr., xxx-xx-xxxx
Biamon, Neils P., xxx-xx-xxxx
Bolton, James H., xxx-xx-xxxx
Bornmann, Rex N., xxx-xx-xxxx
Boyer, Gregory A., xxx-xx-xxxx
Brotherton, Lawrence C., II, xxx-xx-xxxx
Browning, Frederic W. H., xxx-xx-xxxx
Buckles, Donald H., xxx-xx-xxxx
Burton, Harvey W., xxx-xx-xxxx
Cadorette, Richard E., xxx-xx-xxxx
Cannon, Walter W., xxx-xx-xxxx
Carroll, Patrick N., xxx-xx-xxxx
Carwile, William L., III, xxx-xx-xxxx
Cavey, Thomas J., Jr., xxx-xx-xxxx
Chesser, Cecil D., xxx-xx-xxxx
Chilton, Forrest S., xxx-xx-xxxx
Coats, Julius E., Jr., xxx-xx-xxxx
Coberly, Theodore R., xxx-xx-xxxx
Coburn, George C., xxx-xx-xxxx
Coffman, Raymond J., xxx-xx-xxxx
Conard, Richard J., xxx-xx-xxxx
Cooke, Robert U., xxx-xx-xxxx
Crawford, Howard W., xxx-xx-xxxx
Crawford, Ronald J., xxx-xx-xxxx
Crine, Richard H., xxx-xx-xxxx
Curry, Patrick J., xxx-xx-xxxx
Curtis, William W., Jr., xxx-xx-xxxx
Davis, Cecil F., xxx-xx-xxxx
Davis, Nathan, xxx-xx-xxxx
Davis, Wilbur J., xxx-xx-xxxx
Delk, Lucious E., xxx-xx-xxxx
DeLoach, Samuel L., xxx-xx-xxxx
Derby, Anson W., xxx-xx-xxxx
Derr, Stanley E., xxx-xx-xxxx
Deutsch, Kenneth A., xxx-xx-xxxx
DiBona, Robert M., xxx-xx-xxxx
Dinoto Joseph M., xxx-xx-xxxx
Dorminey, Timothy D., xxx-xx-xxxx
Doty, Donald W., xxx-xx-xxxx
Duffy, Robert E., xxx-xx-xxxx
Duhan, Daniel P., xxx-xx-xxxx
Durazzo, Franklyn P., xxx-xx-xxxx
Durbin, William M., xxx-xx-xxxx
Edwards, Warren C., xxx-xx-xxxx
Ellenson, Robert W., xxx-xx-xxxx
Ellis, John J., xxx-xx-xxxx
Endicott, Ronald L., xxx-xx-xxxx
Featherston, George D., Jr., xxx-xx-xxxx
Fellers, Carl E., xxx-xx-xxxx
Fernandez, Conte Ramon, xxx-xx-xxxx
Fisher, Paul R., xxx-xx-xxxx
Fisher, Spencer A., xxx-xx-xxxx
Flannigan, Jerry W., xxx-xx-xxxx
Flenniken, Douglas M., xxx-xx-xxxx
Floyd, Benzell, xxx-xx-xxxx
Foley, Paul G., xxx-xx-xxxx
Forrester, Robert L., xxx-xx-xxxx
Foster, Donald A., xxx-xx-xxxx
Foster, James H., xxx-xx-xxxx
Froberg, David B., xxx-xx-xxxx
Galliers, Don L., xxx-xx-xxxx
Gershel, Christopher P., xxx-xx-xxxx
Glass, Charles W., xxx-xx-xxxx
Godboldte, Cordell S., xxx-xx-xxxx
Goins, Greggory L., xxx-xx-xxxx
Gooding, Jerold L., xxx-xx-xxxx
Goosen, Edwin P., xxx-xx-xxxx
Green, Wesley III, xxx-xx-xxxx
Gregg, Steven C., xxx-xx-xxxx
Griffin, John M., xxx-xx-xxxx
Grimsbo, Robert G., xxx-xx-xxxx
Guilliams, Charles D., xxx-xx-xxxx
Hall, Ronald A., xxx-xx-xxxx
Hamaker, Bryant B., xxx-xx-xxxx
Hargraves, Walter A., Jr., xxx-xx-xxxx
Harrigan, David L., xxx-xx-xxxx
Hay, John F., xxx-xx-xxxx
Heapy, Dennis G., xxx-xx-xxxx
Henderson, James E., xxx-xx-xxxx
Hendsbee, Michael R., xxx-xx-xxxx
Hensley, Jerry L., xxx-xx-xxxx
Herion, George C., xxx-xx-xxxx
Hines, William A., Jr., xxx-xx-xxxx
Hoerle, Arno J., xxx-xx-xxxx
Holladay, John E., xxx-xx-xxxx
Holt, James R., xxx-xx-xxxx
Horne, John W., xxx-xx-xxxx
Howard, Robert H., xxx-xx-xxxx
Idell, William D., xxx-xx-xxxx
Ivie, Clarence S., Jr., xxx-xx-xxxx
Jackson, John W., xxx-xx-xxxx
Jansen, Robert A., xxx-xx-xxxx
Johnson, Bruce H., xxx-xx-xxxx
Johnson, Francis F., xxx-xx-xxxx
Kafura, Herman G., xxx-xx-xxxx
Kehoe, Michael P., xxx-xx-xxxx
Kentfield, Thomas C., xxx-xx-xxxx
Klein, Christopher T., xxx-xx-xxxx
Klein, Harry F., Jr., xxx-xx-xxxx
Laguens, Delwin P., Jr., xxx-xx-xxxx
Lambert Barry W., xxx-xx-xxxx
Lancaster, Ralph E., Jr., xxx-xx-xxxx
Landon, Kenneth L., xxx-xx-xxxx
Langston, Carlos C., Jr., xxx-xx-xxxx
Lay, Robert S., Jr., xxx-xx-xxxx
Leipold, Wililam D., xxx-xx-xxxx
Lesniak, Allen P., xxx-xx-xxxx
Long, Wayne E., xxx-xx-xxxx
Loper, Harry B., xxx-xx-xxxx
Lord, William Z., xxx-xx-xxxx
Lundgren, Gary W., xxx-xx-xxxx
Lusk, Douglas E., xxx-xx-xxxx
Lynch, John B., xxx-xx-xxxx
Lytle, Robert L., xxx-xx-xxxx
Malone, Tommie H., xxx-xx-xxxx
Marable, Renard H., xxx-xx-xxxx
Marrin, Dennis W., xxx-xx-xxxx
Marshall, John N., Jr., xxx-xx-xxxx
Martindell, George J., xxx-xx-xxxx
Mauldin, Jerry V., xxx-xx-xxxx
McCollam, Albert E., Jr., xxx-xx-xxxx
McFarland, Paul J., xxx-xx-xxxx
McGill, William D., II, xxx-xx-xxxx
McGinty, Kenneth R., xxx-xx-xxxx
McRae, John A., xxx-xx-xxxx
Mills, Howard M., Jr., xxx-xx-xxxx
Moore, Robert H., xxx-xx-xxxx
Mullendore, Lauren G., xxx-xx-xxxx
Mulligan, Brian J., xxx-xx-xxxx
Murphy, Horace Jr., xxx-xx-xxxx
Mustain, Robert W., xxx-xx-xxxx
Nakano, Walter T., xxx-xx-xxxx
Narburg, Charles W., xxx-xx-xxxx
Neill, Henry W., Jr., xxx-xx-xxxx
Nicholson, Roy L., xxx-xx-xxxx
Norman, Robert L., xxx-xx-xxxx
Norris, Richard D., xxx-xx-xxxx
Norton Stephen R., xxx-xx-xxxx
Page, Gene, xxx-xx-xxxx
Paris, Francis, J., xxx-xx-xxxx
Parker, Craiger C., xxx-xx-xxxx
Pelkey, Christopher K., xxx-xx-xxxx
Pirnie, Bruce R., xxx-xx-xxxx
Pitts, James C., xxx-xx-xxxx
Record, James E., xxx-xx-xxxx
Reilly, Peter E., xxx-xx-xxxx
Reise, Thomas M., xxx-xx-xxxx
Riccinto, Patrick J., Jr., xxx-xx-xxxx
Richards, Harold B., xxx-xx-xxxx
Riggs, Johnny M., xxx-xx-xxxx
Rousek, Charles S., xxx-xx-xxxx
Rubin, Howard H., xxx-xx-xxxx
Rutledge, Edward W., xxx-xx-xxxx
Schornick, John N., xxx-xx-xxxx
Schwander, Jeffery L., xxx-xx-xxxx
Schweider, Theodore L., xxx-xx-xxxx
Seiler, Curtis M., xxx-xx-xxxx
Shugrue, William J., xxx-xx-xxxx
Silcox, Craig V., xxx-xx-xxxx
Sink, Dana T., III, xxx-xx-xxxx
Smith, Calvin E., xxx-xx-xxxx
Smith, Lowell J., xxx-xx-xxxx
Spalding, Donald J., xxx-xx-xxxx
Squire, Willard S., Jr., xxx-xx-xxxx
Stamper, Clarence D., Jr., xxx-xx-xxxx
Steele, Kent D., Jr., xxx-xx-xxxx
Suess, Robert K., xxx-xx-xxxx
Tabor, Woody R., xxx-xx-xxxx
Tate, Leo F., xxx-xx-xxxx
Taylor, Donald R., xxx-xx-xxxx
Taylor, Luther M., xxx-xx-xxxx
Terasa, Frederick N., xxx-xx-xxxx
Terrell, Thompson A., III, xxx-xx-xxxx
Thompson, Henry L., xxx-xx-xxxx
Thornton, Michael G., xxx-xx-xxxx
Thrash, Gerald W., xxx-xx-xxxx

Torres, Cartagena Jorge L., xxx-xx-xxxx
Tuttle, Leroy W., xxx-xx-xxxx
Ulin, Robert R., xxx-xx-xxxx
Upson, Stuart G., xxx-xx-xxxx
Villagomez, Erwin T., xxx-xx-xxxx
Wadlington, Wallace M., xxx-xx-xxxx
Wages, Eugene W., xxx-xx-xxxx
Walker, Eddie G., xxx-xx-xxxx
Walters, Jimmy L., xxx-xx-xxxx
Walters, Richard E., xxx-xx-xxxx
Walters, Robert P., xxx-xx-xxxx
Ward, Richard M., xxx-xx-xxxx
Ware, John R. II, xxx-xx-xxxx
Washington, Lemarse, xxx-xx-xxxx
Weinfield, Roselle, xxx-xx-xxxx
Wessman, Paul H., xxx-xx-xxxx
White, Abel, xxx-xx-xxxx
Wigglesworth, James H., xxx-xx-xxxx
Williams, Thomas G., xxx-xx-xxxx
Wilson, Daniel M., xxx-xx-xxxx
Winchester, Larry G., xxx-xx-xxxx
Witter, James A., xxx-xx-xxxx
Wolf, Jack G., xxx-xx-xxxx
Womble, William C., xxx-xx-xxxx
Wood, John I., III, xxx-xx-xxxx
Wruble, Eric G., xxx-xx-xxxx
Wyatt, James E., xxx-xx-xxxx
Zedar, Frank R., xxx-xx-xxxx
Zoglman, Robert R., xxx-xx-xxxx

To be first lieutenant

Aiello, Thomas, xxx-xx-xxxx
Allen, Robert C., xxx-xx-xxxx
Allred, Joseph L., xxx-xx-xxxx
Alvarado, Michael J., xxx-xx-xxxx
Anderson, Israel P., xxx-xx-xxxx
Bailey, Peter M. I., xxx-xx-xxxx
Bakian, Gregory J., xxx-xx-xxxx
Bako, Victor B., Jr., xxx-xx-xxxx
Ballard, Brian L., xxx-xx-xxxx
Bartusch, Robert J., Jr., xxx-xx-xxxx
Bauch, William L., xxx-xx-xxxx
Baxter, Leo J., xxx-xx-xxxx
Beck, Gary S., xxx-xx-xxxx
Bennett, Patrick J., xxx-xx-xxxx
Berry, Corlis, III, xxx-xx-xxxx
Biersack, Carl W., xxx-xx-xxxx
Black, Randall E., xxx-xx-xxxx
Blagg, Ronnie, xxx-xx-xxxx
Blanding, Willie L., Jr., xxx-xx-xxxx
Blaschke, Dennis L., xxx-xx-xxxx
Blount, Buford C., III, xxx-xx-xxxx
Boessen, Joseph F., xxx-xx-xxxx
Bolton, Jeffrey M., xxx-xx-xxxx
Boman, Truman R., Jr., xxx-xx-xxxx
Bondiskey, William R., xxx-xx-xxxx
Bouchard, Robert R., xxx-xx-xxxx
Bowman, Rodger M., xxx-xx-xxxx
Boykin, William G., xxx-xx-xxxx
Bramlett, Nell N., xxx-xx-xxxx
Brantley, Andrew M., xxx-xx-xxxx
Bratcher, Jack D., xxx-xx-xxxx
Brennan, James M., xxx-xx-xxxx
Brinkley, Charles L., xxx-xx-xxxx
Brown, Chris E., xxx-xx-xxxx
Brown, David A., xxx-xx-xxxx
Brown, Larry E., xxx-xx-xxxx
Bruce, Samuel B., xxx-xx-xxxx
Bruns, Larry D., xxx-xx-xxxx
Bryson, Ralph J., xxx-xx-xxxx
Brzozowski, Mark A., xxx-xx-xxxx
Burgett, Frederick J., xxx-xx-xxxx
Burke, Michael D., xxx-xx-xxxx
Cahill, Douglas, xxx-xx-xxxx
Camera, Nicholas J., xxx-xx-xxxx
Campen, Timothy A., xxx-xx-xxxx
Carley, John G., xxx-xx-xxxx
Carter, Samuel D., xxx-xx-xxxx
Casey, George W., Jr., xxx-xx-xxxx
Casper, Lawrence E., xxx-xx-xxxx
Cerutti, Stephen R., xxx-xx-xxxx
Chambers, Joseph W., xxx-xx-xxxx
Chapman, Raymond M., xxx-xx-xxxx
Cheney, Susan P., xxx-xx-xxxx
Cipriano, John J., Jr., xxx-xx-xxxx
Collignon, Larry J., xxx-xx-xxxx
Conklin, Zelda K., xxx-xx-xxxx
Connors, Robert W., xxx-xx-xxxx
Cook, Breck D., xxx-xx-xxxx
Craig, Jerry D., xxx-xx-xxxx
Crosby, Richard D., III, xxx-xx-xxxx
Crossfield, Ermal J., xxx-xx-xxxx
Cutler, Peter C., xxx-xx-xxxx
Czech, Norbert E., xxx-xx-xxxx
Daniel, Virgildee F., xxx-xx-xxxx
Daugherity, Richard D., xxx-xx-xxxx
Davenport, Brian W., xxx-xx-xxxx
Deggins, Samuel T., Jr., xxx-xx-xxxx
Delony, Edwina P., xxx-xx-xxxx
Dietrich, James D., xxx-xx-xxxx
Dolan, Peter P., xxx-xx-xxxx
Doyle, George L., xxx-xx-xxxx
Dunbar, Glen B., III, xxx-xx-xxxx
Dy, Benjamin, xxx-xx-xxxx
Early, Raymond W., xxx-xx-xxxx
Egan, Richard J., xxx-xx-xxxx
Eszes, Joseph W., xxx-xx-xxxx
Fake, Daniel R., xxx-xx-xxxx
Farrell, Patrick T., xxx-xx-xxxx
Faure, Charles W., xxx-xx-xxxx
Federle, Philip F., xxx-xx-xxxx
Fennelly, Richard J., xxx-xx-xxxx
Ferguson, Michael M., xxx-xx-xxxx
Firestone, William P., xxx-xx-xxxx
Fisher, Carla K., xxx-xx-xxxx
Flores, John P., xxx-xx-xxxx
Foster, Steven C., xxx-xx-xxxx
Fowler, David J., xxx-xx-xxxx
Franks, Robert F., xxx-xx-xxxx
Fraze, Douglas A., xxx-xx-xxxx
Freiberg, Alan J., xxx-xx-xxxx
Froude, Robert R., xxx-xx-xxxx
Fuentes, Robert M., xxx-xx-xxxx
Fulcher, Cecil N., xxx-xx-xxxx
Gardner, Jerry W., xxx-xx-xxxx
German, Thomas E., xxx-xx-xxxx
Gibson, Douglas F., xxx-xx-xxxx
Gilbert, Steven G., xxx-xx-xxxx
Gillman, John W., xxx-xx-xxxx
Givens, William R., xxx-xx-xxxx
Goodrich, John H., xxx-xx-xxxx
Grayson, Richard W., xxx-xx-xxxx
Greene, Larry F., xxx-xx-xxxx
Gregory, Frank B., xxx-xx-xxxx
Gribble Garland D., Jr., xxx-xx-xxxx
Griffin, Benjamin S., xxx-xx-xxxx
Gutwald, Rick, xxx-xx-xxxx
Hack, Richard A., xxx-xx-xxxx
Hahn, Jay W., xxx-xx-xxxx
Haning, Joe M., xxx-xx-xxxx
Hannah, John H., III, xxx-xx-xxxx
Hanson, Stephen K., xxx-xx-xxxx
Harback, Herbert F., xxx-xx-xxxx
Hardin, Michael D., xxx-xx-xxxx
Harris, James R., xxx-xx-xxxx
Harris, Wayne C., xxx-xx-xxxx
Hartline, Peter C., xxx-xx-xxxx
Hawthorne, Everett E., Jr., xxx-xx-xxxx
Hayes, Kenneth H., xxx-xx-xxxx
Heim, John C., xxx-xx-xxxx
Heinze, Dykstra J., xxx-xx-xxxx
Henley, Charles W., xxx-xx-xxxx
Hibbs, Ballard F., xxx-xx-xxxx
Hill, Thomas C., III, xxx-xx-xxxx
Hinton, Daniel E., Sr., xxx-xx-xxxx
Holdeman, Eric E., xxx-xx-xxxx
Holder, Danny G., xxx-xx-xxxx
Holladay, Joseph W., xxx-xx-xxxx
Huffman, Daniel R., Jr., xxx-xx-xxxx
Hughes, Michael A., xxx-xx-xxxx
Hunt, Joseph M., Jr., xxx-xx-xxxx
Hunt, Kenneth I., Jr., xxx-xx-xxxx
Hutchison, John M., xxx-xx-xxxx
Iacono, David M., xxx-xx-xxxx
Ihara, Sheldon K., xxx-xx-xxxx
Jarvis, Robert L., xxx-xx-xxxx
Johnson, Alan D., xxx-xx-xxxx
Johnson, Charles L., xxx-xx-xxxx
Johnson, James G., xxx-xx-xxxx
Johnson, Richard L., Jr., xxx-xx-xxxx
Jones, George T., II, xxx-xx-xxxx
Jones, Michael J., xxx-xx-xxxx
Jordan, Paul E., xxx-xx-xxxx
Joseph, Clarence H., xxx-xx-xxxx
Judd, Leslie C., xxx-xx-xxxx
Keenan, John C., xxx-xx-xxxx
Kelley, Owen C., xxx-xx-xxxx
Kennedy, James C., xxx-xx-xxxx
Kenney, John M., xxx-xx-xxxx
Kern, Jeffrey A., xxx-xx-xxxx
Klon, Peter F., xxx-xx-xxxx
Knight, Odious O., xxx-xx-xxxx
Kous, William F., II, xxx-xx-xxxx
Krimkowitz, Harry A., xxx-xx-xxxx
Krumel, Richard G., xxx-xx-xxxx
Landers, Michael O., xxx-xx-xxxx
Langbein, George L., xxx-xx-xxxx
Larch, Paul K., xxx-xx-xxxx
Latham, Paul O., Jr., xxx-xx-xxxx
Legrow, Ralph W., xxx-xx-xxxx
Lester, John W., Jr., xxx-xx-xxxx
Lipinski, Edward P., Jr., xxx-xx-xxxx
Lovett, Michael L., xxx-xx-xxxx
Lugenbill, Chris H., xxx-xx-xxxx
Lupo, Anthony T., xxx-xx-xxxx
Lyle, Robert N., Jr., xxx-xx-xxxx
Maher, Edward R., xxx-xx-xxxx
Malson, Bruce A., xxx-xx-xxxx
Maroulakos, Harry J., xxx-xx-xxxx
Marr, James E., III, xxx-xx-xxxx
Marshall, John L., Jr., xxx-xx-xxxx
Martin, Michael D., xxx-xx-xxxx
Martini, Carol A., xxx-xx-xxxx
McCleskey, Robert A., xxx-xx-xxxx
McCloskey, Leo F., xxx-xx-xxxx
McCloud, James V., xxx-xx-xxxx
McClure, Jeffrey W., xxx-xx-xxxx
McDonie, Robert E., xxx-xx-xxxx
McGrady, Joel L., xxx-xx-xxxx
McHenry, Roger W., xxx-xx-xxxx
McKenzie, Carol E., xxx-xx-xxxx
Melvin, Charles R., Jr., xxx-xx-xxxx
Merriam, David T., xxx-xx-xxxx
Miller, Christopher C., xxx-xx-xxxx
Miller, Larry L., xxx-xx-xxxx
Moeller, Delane F., xxx-xx-xxxx
Moeller, Stephen P., xxx-xx-xxxx
Molnar, Paula M., xxx-xx-xxxx
Montano, James J., xxx-xx-xxxx
Moon, Timothy D., xxx-xx-xxxx
Moore, James R., Jr., xxx-xx-xxxx
Morgan, Emerson H., xxx-xx-xxxx
Morgan, William D., xxx-xx-xxxx
Moulin, David G., xxx-xx-xxxx
Moye, Danny R., xxx-xx-xxxx
Myers, Michael K., xxx-xx-xxxx
Nepote, Peter A., Jr., xxx-xx-xxxx
New, Edward L., Jr., xxx-xx-xxxx
Nichols, Charles D., xxx-xx-xxxx
Oddy, Robert W., Jr., xxx-xx-xxxx
Odom, Christine E., xxx-xx-xxxx
Orourke, Michael J., xxx-xx-xxxx
Ovnic, Louis J., xxx-xx-xxxx
Owen, Ewell M., xxx-xx-xxxx
Page, Richard L., xxx-xx-xxxx
Pagni, David A., xxx-xx-xxxx
Patrick, Timothy R., xxx-xx-xxxx
Pavlovsky, John D., xxx-xx-xxxx
Pedersen, Thomas D., xxx-xx-xxxx
Perrenot, Brian E., xxx-xx-xxxx
Peters, John E., xxx-xx-xxxx
Pientka, Joe, Jr., xxx-xx-xxxx
Pinnell, Thomas M., xxx-xx-xxxx
Price, Richard P., xxx-xx-xxxx
Prickett, Thomas R., xxx-xx-xxxx
Quimby, David R., xxx-xx-xxxx
Raphael, Victor G., Jr., xxx-xx-xxxx
Ratliff, Leslie L., xxx-xx-xxxx
Reagan, Lynn A., xxx-xx-xxxx
Rees, Chester L. Jr., xxx-xx-xxxx
Reger, Joseph M., xxx-xx-xxxx
Reininger, Terrance L., xxx-xx-xxxx
Reynolds, Forrest P., Jr., xxx-xx-xxxx
Rhoden, Howard E., xxx-xx-xxxx
Richmann, James N., xxx-xx-xxxx
Rios, Leon H., xxx-xx-xxxx
Robbs, Charles T., xxx-xx-xxxx
Roberts, Douglas, xxx-xx-xxxx
Roberts, Karen, xxx-xx-xxxx
Robinson, Russell N., xxx-xx-xxxx
Robson, John H., IV, xxx-xx-xxxx
Roche, Richard B., Jr., xxx-xx-xxxx
Rodgers, Robert D., xxx-xx-xxxx
Rogers, Curtis R., xxx-xx-xxxx
Ross, Robert J., xxx-xx-xxxx
Rowan, John W., xxx-xx-xxxx
Rozman, Joseph T., Jr., xxx-xx-xxxx
Runte, August, xxx-xx-xxxx
Ryan, Owen D., xxx-xx-xxxx
Ryder, Donald J., xxx-xx-xxxx
Sawdey, Steven R., xxx-xx-xxxx
Schmader, John R., xxx-xx-xxxx
Schmidt, Gary P., xxx-xx-xxxx
Schmitz, Francis D., xxx-xx-xxxx

Schofield, John T., xxx-xx-xxxx
Schreiner, George W., III, xxx-xx-xxxx
Schwartzmann, Charles J., xxx-xx-xxxx
Selin, George T., xxx-xx-xxxx
Serfass, Peter K., xxx-xx-xxxx
Shakleford, Michael M., xxx-xx-xxxx
Shanabruch, Kenneth R., xxx-xx-xxxx
Shaw, Earle A., Jr., xxx-xx-xxxx
Sheely, Raymond A., Jr., xxx-xx-xxxx
Sheldon, John J., xxx-xx-xxxx
Shelton, Curtis L., xxx-xx-xxxx
Shinn, Ronald W., xxx-xx-xxxx
Silverman, Michael A., xxx-xx-xxxx
Simpson, Royce L., xxx-xx-xxxx
Sinclair, William R., xxx-xx-xxxx
Smith, David D., xxx-xx-xxxx
Smith, Samuel P., xxx-xx-xxxx
Smith, Stephen R., xxx-xx-xxxx
Spitzenberger, Melvin F., xxx-xx-xxxx
Stanley, Samuel R., xxx-xx-xxxx
Steele, Jackie, xxx-xx-xxxx
Stewart, Phillip R., xxx-xx-xxxx
Stickney, Brian R., xxx-xx-xxxx
Stith, James H., xxx-xx-xxxx
Stoffers, Don M., xxx-xx-xxxx
Strauss, Thomas J., xxx-xx-xxxx
Strock, Carl A., xxx-xx-xxxx
Sweeny, Timothy A., xxx-xx-xxxx
Tanksley, David M., xxx-xx-xxxx
Tatum, James P., xxx-xx-xxxx
Taylor, Ronald E., xxx-xx-xxxx
Taylor, William L., xxx-xx-xxxx
Taylor, William W., xxx-xx-xxxx
Terrell, Brenda L., xxx-xx-xxxx
Thom, Brian L., xxx-xx-xxxx
Thomas, Jerry, xxx-xx-xxxx
Thomas, Robert H., xxx-xx-xxxx
Tomlinson, Timothy E., xxx-xx-xxxx
Trees, Paul M., xxx-xx-xxxx
Trupiano, Bridget, xxx-xx-xxxx
Tucker, Lawrence D., xxx-xx-xxxx
Urick, Cheryl A., xxx-xx-xxxx
Van Voorhis, Victor V., xxx-xx-xxxx
Vargas, Edwin, xxx-xx-xxxx
Victorson, Mark E., xxx-xx-xxxx
Voss, Robert D., xxx-xx-xxxx
Wallace, David R., xxx-xx-xxxx
Walsh, Edward O., xxx-xx-xxxx
Waring, Donald S., Jr., xxx-xx-xxxx
Warren, John D., xxx-xx-xxxx
Washburn, Thomas C., xxx-xx-xxxx
Waterman, Lloyd T., xxx-xx-xxxx
Watson, Jesse L., III, xxx-xx-xxxx
Waugh, Goree, III, xxx-xx-xxxx
Weilbrenner, James M., xxx-xx-xxxx
Werner, Thomas E., xxx-xx-xxxx
Westrip, Charles W., xxx-xx-xxxx
Wetzel, William J., xxx-xx-xxxx
White, Paul A., xxx-xx-xxxx
Whitworth, Stephen G., xxx-xx-xxxx
Wilkins, James R., xxx-xx-xxxx
Williams, Gary L., xxx-xx-xxxx
Wilson, James R., xxx-xx-xxxx
Wilson, Lawrence B., xxx-xx-xxxx
Wilson, Robert, xxx-xx-xxxx
Wilson, Theodore C., xxx-xx-xxxx
Wimberly, Russell J., xxx-xx-xxxx
Wink, Freddie V., xxx-xx-xxxx
Witham, Stephen R., xxx-xx-xxxx
Witte, Wallie S., Jr., xxx-xx-xxxx
Wolf, Donald J., xxx-xx-xxxx
Wolf, William E., xxx-xx-xxxx
Wood, Timothy L., xxx-xx-xxxx
Woodbridge, Alfred J., xxx-xx-xxxx
Yandell, Edgar L., Jr., xxx-xx-xxxx
Youngman, Gregory B., xxx-xx-xxxx
Zelko, Thomas J., xxx-xx-xxxx
Zimmers, Walter H., xxx-xx-xxxx
Zittel, Randy C., xxx-xx-xxxx
Zodrow, John G., xxx-xx-xxxx

To be second lieutenant

Carlson, Kathryn G., xxx-xx-xxxx
Genser, Steven R., xxx-xx-xxxx
Haroldson, Harry P., xxx-xx-xxxx
Meredith, Russell D., xxx-xx-xxxx
Saint Clair, Joseph C., II, xxx-xx-xxxx
Southcott, Francis R., Jr., xxx-xx-xxxx

IN THE NAVY

The following-named midshipmen (Naval Academy) to be permanent ensigns in the line or staff corps of the Navy, subject to the qualifications therefor as provided by law:

Philip M. Abbott
Thomas M. Abbott
Ted G. Achorn
David S. Ackerson
Michael P. Agor
Chris L. Alberg
Christopher C. Ames
Richard L. Anders
Charles W. Anderson
Randal B. Anderson
Thomas R. Anderson
Stephen G. Andrusisian
Mark H. Anthony
Howard B. Aschwald, Jr.
Douglas L. Austin
Martin E. Bacon
Richard A. Badsgard
Rick A. Baggot
Thomas Q. Bakke
Roy J. Balaconis
John E. Ball
James S. Bane III
David R. Barclay
Frederick V. Bauer
John F. Bauman
David E. Bealer
Daniel A. Beary
Scott A. Beaton
Garth R. Beckett
Stephen A. Bedard
Kenneth D. Beeks
William H. Beeson, Jr.
Lawrence D. Bell, Jr.
Robert D. Belling
Mark M. Benson
Rex A. Bent
Bruce B. Bevard
William J. Bevil, Jr.
William J. Bigham
Albert R. Blacky, Jr.
Harry J. Blair III
Anthony L. Blanco
John E. Blasko II
Elliott L. Bloxom
David C. Boch
Thomas J. Bonner
Alan P. Bonser
Thomas E. Bosse
Michael L. Bosworth
Joseph F. Bouchard
John S. Boulden III
Herbert H. Bowden, Jr.
James E. Boyle
Dudley M. Bozeman
Patrick A. Brady
John B. Bridgeman
Donald G. Bringle
John A. Brink
Martin W. Brittingham
Robert J. Brotherton
Carlton A. Brown
Charles G. Brown
Gordon R. Brown
John M. Brown
Paul M. Brown
John M. Brownell
Malvin W. Brubaker
Rodric F. Brunngraber
Ronald B. Brunson
Henry M. Bryson
Jerome A. Buck
Melvin R. Buflod
Jeffrey D. Burke
William S. Burns
Charles A. Bush
Andrij S. Bushak
Hoyt C. Butler
James G. Butler
Robert A. Butt
Fred Byus
Thomas A. Cahill
Jose G. Calahorrano
Charles I. Campbell III
Joseph E. Cantu
David L. Carlson
Ricky L. Carper
Richard C. Carstens
Brant M. Carter
John M. Carter
John J. Carwile
William E. Casey
Fidel L. Castellanos
Robert F. Caulk II
Joseph Celano
Stephen M. Champlin
Robert S. Chapman
Kevin M. Cheatham
Alanson T. Chenault IV
Emory L. Chenoweth
David B. Chiquelin
John M. Christman
Robert S. Chronister
Alfred W. Clark
Matthew S. Clarke
Mark H. Clements
Charles R. Cleveland
Ronald B. Clipp
Alex Y. Cobble
David E. Coggan
Charles D. Cole
Elmo E. Collins
Robert J. Connelly
Phillip L. Cook
Thomas P. Cook
Peter A. Cornell
Mark T. Costello
John M. Coverick
Frederick G. Craft
William S. Craighill
Kenneth A. Crain
Michael J. Cregge
Timothy J. Criner
David E. Crisalli
John M. Crochet
Dale G. Crossman
Kevin N. Curley
Derwood C. Curtis
Michael F. Dailey
Woodrow H. DaSilva
Steven F. Daughety
Lyal B. Davidson
Glen B. Davis
John A. Davis III
Larry A. Davis
Norman Davis, Jr.
Thomas W. Davis
William S. Davison
William R. Daze
Wiley R. Deal, Jr.
Craig M. Decker
Douglas C. Deem
David F. DeFord
Dennis C. DeGeus
Charles G. Deitchman
Paul R. Deppe
David M. DeSilva
Brian B. Devane
Francis A. Devereux
Dirk P. Deverill
Robert H. Dixon
Dean R. Dobbert
James C. Doherty
Bryan J. Dolan
Kenneth G. Dombart
Michael D. Donnelly
Lawrence K. C. Doong
Paul R. Dorin
Thomas A. Dowell
Frank M. Drennan
John W. Drerup, Jr.
William T. Driscoll
Michael J. Duffy
Douglas B. Duke
Kevin D. Eagle
Christopher R. Earl
Kenneth A. Ebersole
Raymond L. Eckenrode
Charles B. Edington
Michael V. Edwards
Peter M. Ellis
Robert S. Emmel
James D. Engels
James B. Epps
Lee E. Erdman
Haddon B. Estabrooks, Jr.
Gary W. Evans
Mark L. Evans
Steven J. Evans
Stephen A. Ewell
Timothy J. Farrell
Richard A. Feckler
Calvin J. Felte
David L. Fischer
David A. Fisher
Nicholas L. Flacco
David R. Fleischman, Jr.
Michael R. Flentje
Eugene Ford, Jr.
Jonathan J. Fox
Joseph A. Foy
James L. Francis
Dennis W. Franklin
Theodore D. Fredrick
Gary M. Freeman
Michael D. Freeman
Desmond W. Fretz
Stuart D. Funk
Milton J. Fusselman, Jr.
Daniel Galik
Richard K. Gallagher
Paul H. Gallati
Jay V. Gardiner
Dennis P. Gardner
Eric S. Gardner
Thomas A. Gardner, Jr.
John E. Gault
Wade J. Gerrard
Alfred J. Gertsch, Jr.
Patrick J. Giancatarino
Edward J. Gilmore
Steven K. Giorgis
William G. Gienney IV
Randall E. Goff
Michael P. Golden
Mark S. Gontkovic
Scott W. Goodson
Charels C. Gorum, Jr.
Peter M. Grant III
Steven A. Gray
James E. Grayson
Christopher P. Grazel
Johnny B. Green
John E. Greene
Gary G. Greenfield
Henry G. Greinke
Elmer K. Grey, Jr.
David W. Griffith, Jr.
Michael C. Grischy
Allen W. Groves
Robert B. Guild
James L. Gustafson
Douglas B. Guthe, Jr.
Gene Gygax
Robert A. Haertling
Timothy M. Hagen
Joseph P. Haggerty III
David M. Haines
Garry E. Hall
Ernest S. Halton
Robert Hammond
Chris M. Handley
James D. Hann
Michael P. Hansell
Craig I. Hanson
Gary D. Harrell
Peter W. Harris
David C. Harrison
Zal B. Harrison
Douglas W. Hart
Daniel N. Hartwell
Craig T. Harvey
Robert G. Hast
Frank W. Hauck
Samuel A. Hauge
William O. Hawn
Albert S. N. Hee
Herman M. Heise
Gary T. Hentz
Richard D. Hepburn
Michael C. Herb
Gary J. Hessenauer
George R. Hicks
Kent R. Higginbotham
Dennis W. Hillegas
Bruce E. Hinkley
Stuart C. Hinrichs
Michael G. Hlywiak
Sidney T. Hodge, Jr.
Mark B. Hoekstra
Charles K. Hoffman II
Steven Holibonich
Robert D. Holland
Richard T. Holloway
Everett I. Holmes
Kenneth R. Holmes
Fred B. Horne
Bruce A. Hougesen
Reginald L. Howard
Ronald Howard
Jeffrey C. Hoy
Mark T. Hubbard
Charles W. Hudson
Frederick P. Hughes
John D. Humphrey
Bruce W. Ingham
Frank A. Inzirillo
Henry C. Irwin, Jr.
Byron Q. Iverson
Bruce M. Jackson
Robert C. Jackson
Patrick A. Jacobs
Wayne M. Jakubowski
Christopher A. Janiec
James J. Janosek
Reed K. Jarvi
Gregory Jenkins
Scott M. Jenkins
Neil O. Jensen
Carlton B. Jewett
Christopher M. Joachim
Frederick G. Johnson
George R. Johnson
Paul G. Johnson
Stuart M. Johnson
John R. Jolicoeur
Lawrence M. Jones
David W. Jourdan
Daniel K. Kalili
Jeffery W. Kalkstein
Michael R. Kapsch
Nicholas E. Karangelen
Steven A. Katcher
Robert L. Kates
Donald W. Keene
John D. Kelley
Steven M. Kelly
Thomas S. Kennedy
Robert L. Kenny
Christopher A. Kidd
Edward P. Kilbourn
Eric Y. Kimura
Mark S. Kiser
Gordan P. Kish
Doyle R. Kitchin
Joseph G. Kleefisch
Petter F. Klein, Jr.
William H. Kneller
James R. Knight
Kent H. Kochsmeier
John T. Kohler
John B. Kolbeck
Craig E. Krauss
Steven M. Kundrat
David J. Kuriluk
Patrick C. Laine
Jeffrey S. Lambert
Calvin P. Langford
Cyrus R. Large
Keith S. Laser
David P. Laskoski
Andrew W. LeBoeuf

Michael A. LeFever
Ernest G. Leidiger
Bruce P. Leonard
Kenneth E. Leonard
Russell G. Lett
Jeffrey N. Lewis
Brent A. Leytem
Horatio A. Lincoln
Marcus C. Linn
Bomer L. Lisle, Jr.
Brandley J. Little
Charles H. Litz
John T. Locks
Mark R. Loebig
William P. Loeffler
Michael F. Logar
Kenneth G. Lombart
John L. Lovasz
Donald S. Love
Robert S. Lowe
David P. Luhta
Joseph W. MacAllister, Jr.
Robert B. MacDougall
John M. Maciejczyk
Peter A. Mahoney
James E. Manley
David J. Manners
Alfred A. Manzi
Joseph F. Mark, Jr.
David G. Markham
Donald S. Marston
Joseph J. Martinka
Bradley J. Mason
William W. Matzelevich
Jeffrey Maydosz
Luther M. Mays
Lucien D. Memminger
Theodore L. Mencke
Dennis P. Messenger
Mark L. Metcalf
Dale G. Meyer
Charles A. Mihalko
Peter G. Miller
Robert L. Miller
Danny H. Mills
Daniel F. Mitchell
Rodney I. Mitchell
Roger A. Mitiska
Jerry M. Mobley
Gary L. Moe
Robert J. Moll
Robert A. Monroe
Bruce S. Montgomery
Georgie Moore
John S. Moore
Mark R. Moore
Michael A. Moore
David B. Moran
John J. Moro
James E. Morrison
Lee O. Moss
Lawrence M. Muczynski
Paul E. Mueller
William H. Mueller, Jr.
Mark A. Mula
Jeffrey L. Mulliner
Gary L. Munn
Frank M. Murphy
Mark C. Murton
Allie R. Mysliwy
Joseph P. McAliley
John R. McCarthy
John K. McClain
David E. McDaniel
Craig O. McDonald
John A. McEwan
Joseph C. McGowan
Richard A. McHugh
James H. McKee III
Michael E. McKenney
John F. McKernan
Patrick R. McKim
Mark B. McKinley
Gary R. McKinney
William E. McMinn
Rand A. McNally
Kevin P. McNamara
Stephen D. McWilliams
Spencer T. Nakaguma
Casimir Napora
Richard F. Nathanson
Timothy J. Naville
Walter Neboshynsky
Eric C. Neidlinger
Hugh M. Neighbour III
Roger A. Nesbitt
Mark C. Nesselrode
Michael J. Neumeyer
Victor M. Neves
Patrick O. Nevitt
Kip W. Nicely
Samuel H. Nichols III
Stephen C. Nimitz
Bruce W. Northridge
Finley E. Nunn
Nick H. Nunn III
Daniel E. OBrien
James M. O'Connell
Stanley R. O'Connor
Richard T. Oftedal
Richard J. O'Hanlon
Mark S. O'Hare
Peter Olivieri
Michael C. O'Loughlin
Robert H. Olsen
Fredrick P. Ortloff
William C. Ostendorff
Isaiah H. Owens, Jr.
Donald N. Pacetti
John R. Pagan
Richard A. Palmer
Thomas J. Panik
Joseph L. Paquette
Donald S. Parker
Jerry L. Parker
William M. Parker
George R. Parks, Jr.
John B. Parrett
Paul B. Paskey
Torkel L. Patterson
Luster Payton, Jr.
Morgan B. Pearsall
Robert J. Peranich
Terry F. Perlich
Robert C. Peterman
James A. Petersen
Peter E. Peterson
Robert P. Petroka
Jeffrey E. Pettit
Rammsden T. Phillips
Randall L. Pinetti
Phillip L. Poirier, Jr.
James L. Poole, Jr.
Russell J. Pope
Bradley K. Porlier
David W. Porter
James R. Pottle, Jr.
Richard M. Pratt
Dean A. Price
Thomas H. Price
George D. Puddington
Kenneth S. Pugh
Thomas F. Pumphrey
Thomas E. Purdy
Raymond P. Putt, Jr.
Gregory A. Queen
Charles L. Rader
Steven J. Raher
Albert L. Raithel
Frederick V. Raley
Gary L. Rau
John F. Ravold
Mason C. Reddix, Jr.
Thomas J. Reilly
David G. Renaud
Charles E. Renner
Frank F. Rennie IV
Richard T. Rhyne
Jewett E. Richardson III
Philip W. Richardson, Jr.
Edward P. Riehl
Douglas L. Robbins
Lyn T. Robertson
Francis J. Rodrick, Jr.
Ernest J. Roeske
Wayne L. Rogers
Steven W. Rohrssen
Peter E. Rollins
Anthony V. Ross
David J. Rossetti
Henry J. Rowland, Jr.
James F. Rubino
Stephen K. Rudiger
Curtis R. Rumfelt
Mark S. Rupprecht
Gary R. Rush
Joseph A. Ruttar
Louis J. Saccoccio
Richard J. Salazar
John D. Sample
Jeffrey R. Sander
James A. Sanford
John F. Sarao
Douglas R. Schaus
Ralph O. Scherini
Albert W. Schmidt
Randall K. Schmitt
Ronald C. Schuller
John A. Schumacher
John D. Schumacher
Mark R. Schweer
Christopher J. Scoppa
Benjamin H. Scott II
Craig C. Scott
Jeffrey J. Scott
John B. Scout
Floyd C. Searl, Jr.
Richard F. Sears
Leland H. Sebring, Jr.
Roger W. Seedorf
Michael L. Seifert
Ronald D. Seizert
Roderick O. Shaffer
William J. Sheppard
David K. Shimp
Kenneth E. Sichau
Peter B. Siwek
James A. Sloan, Jr.
Martin J. Sloane
Brian M. Smith
Bruce A. Smith
David E. Smith
Lee Smith III
Michael L. Smith
Richard P. Smith
Theoren P. Smith III
Thomas M. Smith
John R. Snodgrass
Richard L. Snow
Carlton E. Soderholm, Jr.
David P. Solliday
Robert M. Somers, Jr.
Stephen M. Soules
Walter R. Sparks
Leroy M. Sparr
Bradford A. Speer
Richard D. Spencer
Gerald K. Spraitzar
Timothy J. Sprowls
John W. Stahura
John M. Stamos
George R. Standridge
Gary L. Stark
James G. Stavridis
Jeffrey A. Steiner
Ralph E. Steinhauer
Douglas C. Steudler
Mark K. Stevens
Richard A. Stich
Dennis J. Stockwell
Kenneth J. Stockwell
Kevin F. Stone
Stephen M. C. Stroebel
James C. Stuller
Joseph J. Sturm III
Bruce E. S. Stutsman
John S. Sundquist
Grant Sutherland, Jr.
Joel C. Swanson
Joseph W. Swaykos
David E. Sweede
David J. Sweeney
Felix S. Swierski III
David A. Swingle
Mark E. Swirmicky
Jon S. Tandy
James H. Taplett
Stephen D. Taylor
Tod M. Thedy
John W. Therriault
Timothy L. Theurer
David H. Thieman
Donald T. Thieme
Craig H. Thomas
James H. Thompson
Lewis D. Thompson
Mark S. Thorpe
Michael L. Thurwanger
David K. Tibbetts
Terrance A. Tielking
John G. Titsworth
Stephen J. Topscher
Timothy S. Traaen
Patrick A. Tracy
Robert G. Treitz
Mark M. Trenor
David R. Tribout
Charles R. Trude
Malu Tupuola, Jr.
Gary R. Turner
Charles R. Turpen
Hansford D. Tyler III
Brian R. Tyndall
Mark A. Uhron
Arthur J. Vanderschaaf
Bernard E. Vanosdall
Charles J. Vargo
Peter S. Varsanyi
Gregory M. Vaughn
David J. Venlet
Anthony F. Violante
John D. Virden
Steven C. Von Dollen
Jonathan R. Wade
Randall W. Waldrip
Michael D. Waldrop
Adelbert L. Walker
Wayne A. Walters
Charles F. Walton
Daniel T. Ward
Jon J. Watkins
Jeffrey C. Watson
Walter F. Watson
Keith T. Weaver II
John S. Webb
Craig T. Weber
Bryan D. Webster
Roy E. Weisert
Charles J. Weiss
Robert F. Weiss, Jr.
Frederick P. Weldon
Roger W. Wendt
Mark L. West
Michael B. West
Ronald W. Wetmore
Harold R. Whalen III
William T. Wheeler, Jr.
Gerald A. White
Daniel R. Whitney
James C. C. Whitsett, Jr.
Paul H. Wietlisbach
John H. Wilckens
Stephen N. Wiley
Phillip J. Wilhelm
John P. Wilkinson
Gerard J. Willett
Craig M. Williams
Michael D. Williams
Hugh A. Willis
John R. Willis
James M. Willy
David D. Winters
Louis V. Wise
Michael A. Witt
John R. Woelfel
Garry A. Wolfrum
George L. Wood III
Thomas P. Wood, Jr.
Edmund T. Wooldridge III
Ellis D. Woumnm
Paul R. Wrigley
Gary F. Wrotnowski
Guy N. Wynn, III
Stephen A. Wynne
Frederick D. Yarger
Liston C. Young
Eric D. Youngborg
Joseph Zacharzuk, Jr.
Thomas E. Zeljbor
Harold J. Zimmerman
William C. Zobel

The following-named (Naval Reserve Officers Training Corps candidates) to be permanent ensigns in the line or staff corps of the Navy, subject to the qualifications therefor as provided by law:

Charles S. Janik
Kenneth G. Kaulbach
Stephen T. Kellett

The following-named naval enlisted scientific educational program candidates to be permanent ensigns in the line or staff corps of the Navy, subject to the qualifications therefor as provided by law:

Richard W. Ashmore
Ronald Bart
John D. Blankenship
John L. Bowles
Luther S. Brewer
Michael J. Bryant
William W. Clark
Thomas W. Clarke
Michael Clements
Richard E. Coleman
Larry D. Craig
John K. Dembrowski
Robert H. Elminger
Alberto D. Golfo
Frank L. Grubbs
Robert H. Johnson
John P. Jones
William G. Kaufman
Dean F. King
Richard W. Lukens
Johnny L. McWilliams
John E. Musumeci
Thomas M. Newell
Jeffrey L. Nieder
Mylen J. Numdt
Larry M. O'Brien
Johnny M. Price
Michael F. Sasser
Richard S. Schmidt
Dale E. Wheelis
Joseph R. Wood
James G. Wright

The following-named (U.S. Navy officers) to be appointed temporary commanders in the Medical Corps in the Reserve of the U.S. Navy, subject to the qualifications therefor as provided by law:

Depue H. Duffey, Jr.
Robert H. Radnich
Stephen J. Rodgers
Tommy Turner

LTJG Gary W. Smith, USN, to be appointed a permanent lieutenant in the Medical Corps of the U.S. Navy, subject to the qualifications therefor as provided by law.

Clifford L. Laning (U.S. Navy officer) to be appointed a permanent commander in the line in the Reserve of the U.S. Navy, subject to the qualifications therefor as provided by law.

The following-named (Naval Reserve officers) to be appointed permanent lieutenants in the Medical Corps of the U.S. Navy, subject to the qualifications therefor as provided by law:

Robert M. Anderson
John M. Davis
Marshall J. Gerrie, Jr.
Cameron A. Gillespie
James R. Kopp
Ira A. Weiss

The following-named (Naval Reserve officers) to be appointed permanent lieutenants and temporary lieutenant commanders in the Medical Corps of the U.S. Navy, subject to the qualifications thereof as provided by law:

Kermit R. Booher, Jr.
Bruce E. Carlson
Noel K. Dysart, Jr.
Dennis L. Fielder
David A. Ingrum
Frederic L. Jackson
Hong Sohn
Eric N. Thompson

Gonzalo V. Gonzalez-Liboy (Naval Reserve officer) to be appointed a permanent commander in the Medical Corps of the U.S. Navy, subject to the qualifications therefor as provided by law.

Graham Gilmer, III (Naval Reserve officer) to be appointed a permanent lieutenant commander in the Medical Corps of the U.S. Navy, subject to the qualifications therefor as provided by law.

The following-named (Naval Reserve officers) to be appointed permanent lieutenant commanders and temporary commanders in the Medical Corps of the U.S. Navy, subject to the qualifications therefor as provided by law:

Charles W. Bollinger
Gerald L. Shaw

Larry O. Goldbeck (Ex-Air Force officer) to be appointed a permanent commander in the Medical Corps in the Reserve of the U.S. Navy, subject to the qualifications therefor as provided by law.

*Patrick W. Flynn (Ex-USN officer) to be appointed a permanent commander in the Medical Corps in the Reserve of the U.S. Navy, subject to the qualifications therefor as provided by law.

William J. McDaniel (U.S. Navy officer) to be appointed a permanent lieutenant commander in the Medical Corps of the U.S. Navy, to correct grade, subject to the qualifications therefor as provided by law.

Cdr Alfred G. Cavanaugh (USN (Ret.)) to be reappointed from the temporary disability retired list as a permanent commander in the Supply Corps of the U.S. Navy, subject to the qualifications therefor as provided by law.

The following-named temporary Chief Warrant Officers to be permanent Chief Warrant Officers W–2, subject to the qualifications therefor as provided by law.

BOATSWAIN

James L. Beeman
Charles M. Dombrow, Jr.
Lucian P. Highlander, Jr.
Harold D. Houfek
Duan R. Johnson
Joseph Manges
Robert E. Realing

OPERATIONS TECHNICIAN

Jan A. Berreitter
Joseph W. Bolden
James E. Collins
Billy G. Hatcher
Peter J. Rezas
William R. Walden

ENGINEERING TECHNICIAN

William J. Barrett
Harry M. Cieri
Stanley E. Howard

ELECTRONICS TECHNICIAN (SURFACE)

William R. Cozart, Jr.
John W. Foster
William J. Flinner
James R. Madewell, Jr.

ENGINEERING TECHNICIAN

Edwin M. James III

NUCLEAR POWER TECHNICIAN

Klaus Baernthaler
Darrell A. Worrell

UNDERWATER ORDNANCE TECHNICIAN

Thomas E. Lemke

ELECTRONICS TECHNICIAN (SUBMARINE)

Billie N. Hickerson

AVIATION OPERATIONS TECHNICIAN

Jackie R. Hall
Richard B. White

AVIATION MAINTENANCE TECHNICIAN

Jonathan M. Bigelow
Clarence W. Shaffer
Glenn S. Shirer, Jr.
Ronald F. Webber
Terrell W. Williams

AVIATION ORDNANCE TECHNICIAN

AVIATION ELECTRONICS TECHNICIAN

Charles H. Bolin
Wayne L. Carpenter
Jerry V. Stokes.

SHIP'S CLERK

John A. Etzel
Joseph Grant
John J. Manley, Jr.

CRYPTOLOGIC TECHNICIAN

Robert E. Harrion

PHOTOGRAPHER

Edward G. Jolly
David G. Zentz

EXPLOSIVE ORDNANCE DISPOSAL TECHNICIAN

Robert P. Demers

SUPPLY CORPS

Donald R. Bessette
Alfred R. Clarke
Gary C. Johnson
William Millwood

FOOD SERVICE WARRANT

Alfio J. Vasta

The following-named temporary Chief Warrant Officers to be permanent Chief Warrant Officer W–3, subject to the qualifications therefor as provided by law:

ENGINEERING TECHNICIAN

Thomas E. McClimont

ELECTRONIC TECHNICIAN (SURFACE)

Norman R. Simmons
William J. Yarmy, Jr.

REPAIR TECHNICIAN

Richard H. Balstad

SHIP'S S CLERK

Thomas J. C. Harder

UNDERWATER ORDNANCE TECHNICIAN

James F. McDonough

SUPPLY CORPS WARRANT

Robert E. Roberts

The following-named Navy enlisted candidates to be appointed Chief Warrant Officers, W–2, in the U.S. Navy, for temporary service, subject to the qualifications therefor as provided by law:

ENGINEERING TECHNICIAN (SURFACE)

Larry H. Barton
Romie G. Cullins
Remy M. Demadura
Michael P. Grief

ORDNANCE TECHNICIAN (SURFACE)

Glenn P. Costa

NUCLEAR POWER TECHNICIAN (SURFACE)

Robert M. Kirk

NUCLEAR POWER TECHNICIAN (SUBMARINE)

Ronald L. Johnson

OPERATIONS TECHNICIAN (SURFACE)

Jessie Lee, Jr.
Ronnie G. Phifer

The following-named Chief Warrant Officers to be temporary Chief Warrant Officer, W–3, subject to the qualifications therefor as provided by law:

BOATSWAIN

James L. Beeman
Lucian P. Highlander, Jr.
Joseph Manges

OPERATIONS TECHNICIAN

Joseph W. Bolden
James E. Collins

ENGINEERING TECHNICIAN

William J. Barrett
Harry M. Cieri

ELECTRONIC TECHNICIAN (SURFACE)

William R. Cozart, Jr.

NUCLEAR POWER TECHNICIAN

Klaus Baernthaler

AVIATION MAINTENANCE TECHNICIAN

Jonathan M. Bigelow
Clarence W. Shaffer

SHIP'S CLERK

John A. Etzel
John J. Manley, Jr.

SUPPLY CORPS WARRANT

Alfred R. Clarke
William Millwood

FOOD SERVICE WARRANT

Alfio J. Vasta

The following-named Chief Warrant Officers to be temporary Chief Warrant Officers, W–4, subject to the qualifications therefor as provided by law:

CIVIL ENGINEERING WARRANT

George M. Shelton

SUPPLY CORPS WARRANT

Robert E. Roberts

The following-named Navy enlisted candidates to be appointed ensigns in the U.S. Navy, for limited duty, for temporary service, in the classification indicated, subject to the qualifications therefor as provided by law:

ENGINEERING/REPAIR (SURFACE)

Robert E. Clink
Candido R. Elgo, Jr.
Larry L. Oiler
Charles R. Vaughn
Brad L. Wroolie

NUCLEAR POWER (SUBMARINE)

David K. Wilson

CWO2 William C. Abbruzzese, USN, to be appointed a lieutenant (junior grade) in the U.S. Navy, for limited duty, in the classification (Engineering/Repair-Surface), for temporary service, subject to the qualifications therefore as provided by law.

The following-named temporary chief warrant officers to be appointed lieutenants (junior grade) in the U.S. Navy, for limited duty, for temporary service, in the classification indicated, subject to the qualifications therefor as provided by law:

PHOTOGRAPHY

Edward G. Jolly

AVIATION MAINTENANCE

Terrell W. Williams

DEPARTMENT OF JUSTICE

James R. Cooper, of Georgia, to be a member of the Board of Parole for the remainder of the term expiring September 30, 1978, vice Thomas R. Holsclaw, deceased.

EXTENSIONS OF REMARKS

IS FEDERALIZING WELFARE FEASIBLE?

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, April 26, 1976

Mr. MICHEL. Mr. Speaker, a considerable debate has arisen recently which suggests that the Federal Government ought to "Federalize" our welfare programs in the country. That is to say, we ought to take over the financing and management of local and State programs as well as Federal ones, even to the extent of abolishing all State and local contributions to such programs as AFDC and medicaid.

Much of the hue and cry has arisen from New York City, and is advanced as a solution to the fiscal problems of that unfortunate community.

But welfare federalization as a solution is fraught with difficulty, and indeed perhaps completely unworkable. Some of the reasons for this fact were brought out in a recent editorial in the Wall Street Journal, with particular emphasis on the New York aspect of the problem.

I commend this editorial to those of my colleagues who may be flirting with the federalization proposals:

FEDERALIZING WELFARE

Federalizing welfare has been revived as a national issue, this time as a by-product of New York City's fiscal crisis. When pressed for the way the crisis will ultimately be resolved, New York's natives and leaders nearly always fall back on the idea of having Washington pick up the whole tab for welfare.

City officials blame their budget deficit on the fact that a uniquely high share of local tax revenues must go for programs like Aid to Families with Dependent Children (AFDC). They have something of a point, since some cities have been relieved of their share of the burden by their respective states. But instead of pressuring Albany, the city wants to pressure Washington, and in the recent New York primary candidates obliged