SENATE—*Monday, September 13, 1976*

The Senate met at 10 a.m. and was called to order by Hon. PATRICK J. LEAHY, a Senator from the State of Vermont.

PRAYER

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

Almighty God, help us not only to acknowledge Thee at the opening of a new week, but to enshrine Thee in our lives, to worship Thee as we work and to follow Thee in our actions. May Thy spirit so possess and so guide us that we may set forward Thy kingdom among the nations of the Earth. Help us to contend without bigotry, to fight without animosity, and to guard with undivided devotion the precious heritage of freedom. Guard us and guide us through our labors for Thy kingdom here that in the end we may be inheritors of that kingdom whose Builder and Maker is God. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

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

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., September 13, 1976.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. PATRICK J. LEAHY, a Senator from the State of Vermont, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

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

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Friday, September 10, 1976, be dispensed with.

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

WAIVER OF CALL OF THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the call of the legislative calendar for unobjected-to measures be waived under rule VIII.

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

COMMITTEE MEETINGS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet on September 16 and 17 for the purpose of considering nominations; that the Committees on Interior and Commerce be authorized to hold a joint hearing on September 21 concerning the trans-Alaska pipeline system; that the Subcommittee on Federal Spending Practices of the Committee on Government Operations be authorized to meet on September 21 and 23 concerning the procurement of meat by the military, that the Committee on Commerce be authorized to meet today to consider a nomination; that the Subcommittee on Multinational Corporations and the Subcommittee on Western Hemisphere Affairs of the Committee on Foreign Relations be authorized to meet today to consider the Grumman Corp. and problems dealing with the water level in Lake Ontario and the rest of the Great Lakes; that the Subcommittee on African Affairs of the Committee on Foreign Relations be authorized to meet on September 16 and 17 concerning the role of U.S. corporations in South Africa; that the Subcommittee on Foreign Assistance of the Committee on Foreign Relations be authorized to meet September 16 on F-16 sale to Iran; and that the Committee on Foreign Relations be authorized to meet on September 14 and 15 on various nominations and legislation on acquisition of lands in connection with the international Tijuana River flood control project; arms sales; and implementation of defense cooperation agreement with Turkey.

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

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Does the assistant minority leader seek recognition?

Mr. GRIFFIN. Mr. President, I do not seek recognition.

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

VERTICAL DIVESTITURE

Mr. BARTLETT. Mr. President, Senate bill S. 2387, the vertical divestiture legislation, was recently reported by the Judiciary Committee. Although it is unlikely that the Senate will consider this ill-advised legislation this year, I would like to comment on why I oppose it and why the Senate should defeat it if and when it is brought to the floor.

This bill would require each of the 18 largest petroleum companies to choose one of three functions—producing, refining/marketing, or transportation—and divest itself of the other two functions. Additionally, a large number of other, but smaller, companies would be required to divest themselves of their pipeline assets.

If enacted, S. 2387 would have tragic consequences for this Nation, both economically and strategically. Among the more onerous of these consequences are the following:

Higher energy costs to consumers;

Enhancement of OPEC's power to increase their share of world markets, set prices, control production levels, and integrate downstream into refining, marketing, and transportation;

Reduced development of domestic and non-OPEC energy resources; and

Endangerment of our national security.

Before elaborating on why each of these would occur if S. 2387 is enacted, I shall first comment on one of the arguments of the proponents of this legislation—that relating to the competitive—or anticompetitive—nature of the oil industry.

Supposedly, divestiture legislation is required because the oil industry is noncompetitive. This is a proposition, however, that the proponents of S. 2387 have been unable to establish factually. Instead, they attempt to capitalize on the antioil sentiment resulting from the 1973 Arab oil embargo and the subsequent rapid increase in petroleum prices. While it may be good politics, legislation, founded on emotionalism, as far-reaching as S. 2387 is not sound public policy.

There are three economic indicators which can be used to evaluate whether an industry is noncompetitive: Concentration, profitability, and entry into the market.

The concentration ratios for the top four and top eight firms in the petroleum industry are lower than in many of the other major industries in the United States and, in fact, are lower than the average for all U.S. manufacturing.

The proponents continually refer to concentration figures for the top 20 petroleum companies—a spurious, sensationalistic approach; but it should be remembered that very few industries can be considered to have 20 major firms.

Relative to profitability, the petroleum industry's historical performance has been only mediocre. With the exception of 1974, the industry's long-run profitability, measured in a number of different ways, has been less than the average for all U.S. industry. Such performance hardly indicates the presence of monopoly.

Obviously, profitability has a direct relationship with supply and demand. The present short supply of domestic energy available to meet the expanding demand requires higher prices and profits than the controlled domestic wellhead prices of oil and gas will permit.

Further, considering that petroleum industry profits average less than 2 cents per gallon of product, which is equivalent to approximately 4-5 percent on sales, petroleum company earnings could hardly be considered "obscene" or unreasonable. It is also apparent from this figure that there is little room for con-

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sumer benefit even if divestiture would have a desirable consumer impact.

Data on entry into various segments of the petroleum industry also indicate the presence of competition. For example, during the period 1951 to 1975, 22 refiners grew to more than 50,000 barrels per day of refining capacity, showing that entry has occurred and does occur. Ironically, 2 of these 22 companies would be subject to the divestiture required by S. 2387, hardly a reward for their aggressive growth policies.

According to a Treasury Department staff study, the market shares for the top 4, top 8, and top 20 firms in marketing actually decreased between the years 1970 and 1975. A similar trend occurred in the refining segment. Thus, independent marketers and refiners have each captured a greater share of the marketplace.

Considering these facts, the primary anticompetitive argument of the proponents appears to be based more on inference than on hard economic fact. Realizing this, they attempt to explain away the significance of the lack of concentration, the mediocre profitability, and the entry and success of new and independent firms by referring to joint production and pipeline arrangements and exchange agreements which, when combined with vertical integration, provide an opportunity for collusion.

Such logic is specious for the following reasons:

First, the entry, market share, and profitability data prove that there is competition or, at least, that the companies have been dismally ineffective at collusion.

Second, if joint ventures and exchange agreements are improper, which they are not, divestiture seems a rather broad and extreme solution. Surely the real problem must be clearly defined before a solution can be adopted.

Third, joint ventures and exchange agreements actually act to enhance competition, not detract from it. Joint ventures in lease bidding serve to reduce risk and permit the participation of a greater number of firms including the independents. Joint ventures in production are frequently required by State law for conservation purposes and do promote efficiency. Joint ventures in pipelines serve to facilitate the building of projects like the Trans-Alaskan pipeline. Exchange agreements permit companies to compete more vigorously with one another and help to lower costs. As the Court decided in the case Thomas against Amerada Hess Corp.:

> (Exchange agreements have been) used to aid the independent in securing unbranded regular grade gasoline . . . and permit one refiner of gasoline to do business in the backyard of its competitor's refinery by the exchange of manufactured products.

It appears, then, that this additional twist to the argument of the proponents is also a ruse; joint ventures and exchange agreements are procompetitive. Again, the proponents have confused the issue and attempt to capitalize on these complex aspects of petroleum operations, which few understand, to make their case. Senators should not be fooled.

If the petroleum industry is, in fact, competitive, as the preponderance of economic data and testimony indicates, the potential gains of S. 2387 cannot be realized. Rather, its enactment would be very costly to this Nation. What are some of the negative ramifications of S. 2387?

First, consumer prices for petroleum will rise.

Managerial and administrative staffs and facilities would have to be duplicated at every level of the industry; and the industry would have to increase its working stocks and storage facilities at the refinery level to maintain an orderly operating schedule. These economies of integration would be eliminated.

There will be higher costs associated with borrowed capital. Economists and underwriters have repeatedly made the point that the cost of borrowed capital for the integrated companies is relatively low, because they have diversified their risks, and because they have, over the years, built up excellent credit ratings. In order to attract investors to debt issued by the divested and fragmented companies, the dismantled companies will have to offer premium interest rates. In the long run, these higher costs of borrowed capital will also have to be passed to the consumer—again, in the form of higher, not lower, prices.

The dismembered companies would incur substantial costs in carrying out the details of divestiture. Here again, no one really knows how much these additional costs would amount to; but, according to experts who testified before the Judiciary Committee, it could involve the time and the attention of the managements of the affected companies for as long as 10 to 20 years—depending on the resolution of operating, financial, and legal details. These costs, too, would directly or indirectly have to be passed on to the consumer.

Prices would rise for the consumer because the Nation's dependence on higher cost imported oil would increase. After divestiture, U.S. refiners would have to go into the marketplace to buy their crude. That would place them in a vulnerable situation. After divestiture the companies buying crude oil would be much smaller in size. The prices they pay may well be higher, because there will be more and weaker bidders, who must deal with a cartel, to bid up the prices higher. The higher average prices they pay for crude oil would mean, once again, higher prices for consumers.

The price of petroleum products ought to be a matter of deep concern to us. Improved petroleum products, good service, and above all, reasonable prices, ought to be the intended result of any action we take. These, plus secure and adequate supplies of petroleum, are certainly the proper objectives of congressional policy. I am convinced that, if the large American oil companies are forced to disintegrate, the prices of petroleum products, instead of going down, would rise.

Second, OPEC's power would be enhanced.

The United States depends on oil for about 46 percent of our energy needs, and we now import more than 40 percent of our oil needs. Over 78 percent of these imports are from nations which are part of the Organization of Petroleum Exporting Countries—OPEC. Those Arab nations that participated in the boycott of the United States in the winter of 1973–74 now account for some 32 percent of total imports, up from around 14.5 percent just prior to the embargo.

Gerald L. Parsky, Assistant Secretary of the Treasury, in his testimony to the Senate Judiciary Committee, stated that:

> Divestiture would in all probability increase OPEC's influence in the international oil market, thus increasing our vulnerability to a cutoff in supply by OPEC. Divested U.S. firms would probably be less able to develop non-OPEC foreign sources of supply, and a divested U.S. international energy industry would complicate the operation of the International Energy Agency emergency oil sharing program—one of our main lines of defense in case of another embargo.

Even were we not dependent directly on OPEC oil for a growing proportion of our energy needs, our allies and trading partners are already overwhelmingly dependent on OPEC. Last year, Western Europe imported 89 percent of its crude oil from OPEC. Japan imported 94 percent of its crude oil from OPEC. All told, 67.8 percent of Free World production originates with OPEC.

OPEC is under no strain to meet this demand. It is estimated that OPEC's shut-in capacity amounted to 12.2 million barrels a day for the first 8 months of 1975. During this time an average of more than 31 percent of OPEC's capacity of over 39 million barrels a day has been shut in. Because of recession in the economies of the industrialized Western nations, world demand for petroleum products was down between 5 and 6 percent for the first half of 1975. By limiting production, OPEC members have not only been able to prevent a decrease in the price of oil as would be expected during a time of slack demand, but they have actually been able to increase the price.

The prime factor enabling the OPEC cartel to stay together is that Saudi Arabia contains 27.4 percent of Free World reserves, or about 34 percent of OPEC's reserves. The Saudis have the production capability to be the world's leading oil producer but have limited financial needs, which can be met at production levels far below their capacity.

The FEA report on vertical divestiture points out that:

> The majors' power to adjust production rates has been diminished as the OPEC member countries have continued to rationalize oil production assets. Furthermore, strict quantity prorationing need not be a necessary condition for cartel stability so long as at least one member of the cartel (notably Saudi Arabia) is willing and able to adjust its own output so as to balance total cartel supply with total demand.

Because they are willing to withhold production to maintain pric—or to

maintain an embargo, OPEC is able to maintain this monopoly stance. The solution—other than diplomatic—is the development of sufficient alternatives to OPEC oil, such as the North Sea, Alaska, and our own Outer Continental Shelf. Increased petroleum supplies, and in time, sufficient nonpetroleum energy, could soften the market sufficiently so that even Saudi Arabia's willingness to sustain huge production cutbacks would be insufficient to prevent a drop in prices. This is the process going on now, as the high OPEC price encourages exploration and production—and conservation—worldwide. And that process is largely being carried out by America's integrated oil companies.

It should be pointed out, also, that America's domestic and worldwide effort to expand energy supply, is hampered severely by the low, controlled price of crude oil in the United States.

The New York Times in an editorial on June 21 of this year, stated:

> Breaking up the largest oil companies—and the long period of uncertainty through which the industry would have to pass—would probably cause a major cutback in investment in new energy resources, both in the United States and abroad (including non-OPEC areas). This would strengthen the market domination by OPEC by contracting other sources of supply.

Thus, this legislation would disrupt the American oil industry in the short run, discourage exploration and production in the long run, and assist OPEC to stay in business as a cartel even longer.

Further, the charge that the existence of international oil companies, with their readymade, neutral system for allocating supply withdrawals from among OPEC members, keeps OPEC nations from competing with each other and thus breaking the monopoly is simply not supported by fact or logic.

As indicated in the minority report accompanying S. 2387—

> With respect to the asserted prorationing one should consider the period between the first quarter of 1974, when OPEC production reached a post-embargo high level, and the February to April period of 1975 when it reached a low. Total OPEC production fell 19 percent over the period. Iraqi production rose 20 percent, however, and Libyan output declined 42 percent. Algeria and Nigeria, both urgently in need of foreign exchange, had cuts in production of 20 percent and 26 percent, respectively, while Qatar's production fell only 9 percent. These changes reflect the fact that the oil companies were aggressively shopping around for lower priced oil rather than fostering any prorationing scheme for the benefit of exporting nations.

Richard G. Darman, Assistant Secretary for Policy of the Department of Commerce, testified on this very point before the Judiciary Committee. He stated that:

> Insofar as the argument for vertical divestiture rests on a hypothetically associated improvement in bargaining power vis-a-vis the OPEC cartel, it is difficult to comprehend. It does not seem to rest on any accepted competitive theory, gain theory, psychological theory, or other behavioral theory. And indeed, in simple common sense terms, it is difficult to appreciate why a proposal to weaken the set of parties on one side of a transaction should increase their leverage in relation to the untouched set of parties on the other.

Third, domestic oil and gas and other energy production would be reduced.

Because divestiture would involve 10 to 20 years of uncertainty and the time and energies of company management, expenditure programs not directly related to current profitability would in all probability be reduced. Further, the consensus of the testimony of the financial witnesses before the Judiciary Committee was that divestiture would dramatically affect the ability of the petroleum companies to raise the amount of capital necessary to meet our future energy requirements. This is so because if divestiture legislation is passed, the petroleum industry's overall capital needs would be increased due to the redundant investments and the higher working capital levels that would be required in a fragmented industry. Also, the industry would be less able to obtain capital from internal sources because of reduced operating efficiency and hence higher costs.

Capital from external sources would be less available because of the substantially greater risks brought on by divestiture and the tendency of investors to channel funds into other industries during the long period of uncertainty in which divestiture would be accomplished and in which the new companies would attempt to establish their new financial track records. Additionally, because of the forced abrogation of a number of debt commitments, lenders could require the companies to curtail capital investment programs to repay outstanding debt in the shortest period of time.

Investment in production would also be reduced because divestiture itself tends to discourage investments by those producing companies who are just under the arbitrary cutoff producing or refining rate for fear of exceeding it and then having to undergo divestiture themselves. Further, because the divestiture legislation would prohibit a divested marketing or refining company from owning any producing assets, possible competitors are thereby automatically excluded from the marketplace.

All in all, there is no rational reason to believe that divestiture, with its attendant psychological, financial, and legal ramifications, could in any way improve the country's ability to increase domestic energy supplies.

Fourth, our national security would be impaired.

A secure, dependable, stable supply of oil is obviously of importance to national defense, and to the Nation's security and well being. As I have indicated, imports of oil into this country now amount to more than 40 percent; and this promises to increase even more in future years. Further, the imports of oil from Arab members of OPEC are also increasing rapidly.

An interruption in the supply of foreign oil would obviously affect national security, because our military machine is supplied from the same sources. As long as our country depends on foreign oil—and particularly on oil from countries that can turn off the flow with any change in the political breezes—the Nation's security is under a threat.

Our defense posture, of course, involves not only the fuel needs of our ships, tanks, and planes, but also the fuel needs of industry and agriculture here at home necessary to mount a sustained defense effort.

For example, the normal supply pattern of the Sixth Fleet was upset at the time of the embargo. The fleet never ran out of oil, fortunately, because the oil companies had access to oil from non-Arab countries. And, on a broader scale, the Federal Energy Administration and the Senate Foreign Relations Subcommittee on Multinational Corporations reported that the U.S. oil companies "helped to blunt the edge of the Arab oil weapon by acting as a buffer between producer and consumer nations."

Today, however, a disruption of supply patterns would be much more serious because our dependence on Arab oil is twice as great now as it was 3 years ago.

Consider what Charles W. Robinson, Deputy Secretary of State, said:

> A structural change of our oil industry through divestiture or displacement of the companies in negotiations for purchase contracts for OPEC oil would not go to the heart of our problem of dependence, but only complicate it. OPEC's power does not arise from the integrated structure of the industry nor from company attempts to procure adequate supplies at competitive prices. OPEC was only able to quadruple oil prices when dependence and demand, especially U.S. dependence and demand, gave the producers the power to do so.
>
> At the same time, the vertically integrated international companies still perform essential functions for the U.S. by retaining substantial control over the delivery of oil imports essential to us.

Surely splitting up 18 large oil companies is not going to add a single drop to the Nation's domestic energy supply. Just the opposite will happen. Even the proponents of divestiture are willing to concede that it will create a climate of uncertainty for the industry, and for investors. To the extent that it does, investment in domestic energy will decline, and the drop in domestic production will be accelerated. That will surely increase the risks that are already a part of our national defense picture.

The impact of S. 2387 on our national defense and economy are questions that must be faced. The proponents of S. 2387 have not provided adequate answers. The dangers to our Nation are very real and very serious. I urge all my colleagues to consider fully all the ramifications of S. 2387. If this is done, I am confident they will vote and speak against divestiture.

Mr. President, I yield the floor.

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

THE ADMINISTRATION ENERGY POLICY

Mr. HATHAWAY. The administration energy policy since the OPEC oil embargo has been based on one primary premise—that ever-increasing

energy prices must be accepted as a fact of life if we are to attain "energy independence." Thus the administration has proposed that oil and natural gas prices be decontrolled, despite record high oil and gas industry profits; that areas of the country which must use imported oil products pay even higher prices through an import fee on those products, and that there be headlong development of domestic energy resources, even if the price is lessened nuclear power safeguards, vast areas of the country being strip mined, or the development of offshore oil and gas resources in frontier areas with little consideration of the cost to areas of the country which must bear the risk of such development.

The administration has given little consideration to the impact of this policy on the consumer, on the individual who must heat his home, pay his fuel bills, and drive his car in order to get to work, if work is available. The message of this energy policy, if it can be fairly characterized as such, is clear; the consumer must transfer his income to the multinational companies to see if they can somehow manage to buy, both figuratively and literally, new sources of energy for the future. And if they cannot, energy prices will be so high that at least the consumer will be forced to conserve what we have because quite simply, he will not be able to afford to heat his home properly or run his automobile.

Quite properly Congress has rejected this administration energy policy. Instead we have recognized the need to have a coherent energy policy which results in the expeditious yet safe development of all energy resources, from the Sun to the atom, while giving priority emphasis to positive programs to eliminate the wasteful use of resources in industry, in transportation, in buildings and in manufacturing. We have determined that incentives for the efficient use of energy must be a high priority in overall energy policy. Conservation through ever escalating prices, on the other hand, can only result in conservation at the expense of middle and low income people, and continuation of the twin plagues of inflation and unemployment in our economic life.

Legislation in the area of energy conservation has covered many areas; for example, the 55-mile-per-hour speed limit, mandatory fuel economy standards for new cars, increased support for urban mass transit, fuel efficiency standards and energy labeling of major appliances, and insistence upon a focused overall conservation strategy which receives appropriate funding and priority in our energy research and development policy.

One area of congressional policy which has been of particular interest to me is the program to aid the low-income homeowner through Federal assistance for the winterization of homes. This program is illustrative of the difference between congressional and administration policy in the area of energy conservation, as it highlights the concern of Congress about the adverse impact of a conservation policy based on ever-increasing prices on those who simply cannot pay the price of such a conservation program.

The winterization program began as a demonstration project in my own State of Maine shortly after the embargo, in the winter of 1974. Known as Project FUEL, the program was funded through the Office of Economic Opportunity and was the first funded energy-related program strictly directed at the consumer. In 4 months in Maine, 2,878 homes of low-income people were winterized at a cost of approximately $95 per home, resulting in both decreased fuel bills for some 10,000 low-income residents, and in decreased energy consumption in those homes.

Following the lead of this successful demonstration program, Congress insured its continuation on a national basis. The rationale for extension of such a program nationwide is easily found—23 percent of America's energy consumption is for residential buildings, and between 20 and 40 percent of this energy usage is the result of inadequate insulation in a minimum of 18 million of the country's single-family units. The Federal Energy Administration has estimated that 5 million of these 18 million homes are occupied by low-income persons, and that these households spend almost three times as much of their income as other households for energy in the home. These people are clearly the most vulnerable to energy price increases and cannot afford to make the types of energy improvements on their homes which would help them to offset the cost of these energy price increases.

With the success of the Maine demonstration project, Congress established the Community Services Administration, a successor agency to OEO which the administration had desired to lose within the Department of Health, Education, and Welfare. The authorization for CSA included an Emergency Conservation Services program which continued the program of winterization of low-income homes throughout the Nation.

More recently, in August, Congress passed the FEA extension act. Titles III and IV of this bill reflect the congressional priority on development of an overall conservation strategy as part of national energy policy. These titles addressed areas of encouraging energy conservation in residential, commercial and industrial buildings through the development of energy conservation performance standards for new residential and commercial buildings, and through various programs of loan guarantees and grants for energy conservation investments. Additionally, in this commitment of resources to energy conservation is a revised 3-year, $200 million program for the weatherization of the homes of low income people. This program will build upon the experience of CSA in administering the prior winterization program, and again recognizes the need to provide meaningful assistance to those people in our economy who have been hardest hit by the price increases of the past 3 years, increases which have had willing allies in the present administration. Through programs such as the winterization projects, Congress has made clear its commitment to increasing the efficient use of our energy resources, and to equitable energy conservation programs which mitigate the distorted impact of energy price increases on consumers at the lower levels of our economic scale.

Mr. President, I yield back the remainder of my time.

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

Mr. GLENN. Mr. President, I ask unanimous consent that the following three staff members have the privilege of the floor during the colloquy this morning: Lyle Morris, Len Weiss, and Dave Hafemeister.

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

ENERGY CONSERVATION

Mr. GLENN. Mr. President, our country has developed and prospered in an era of plentiful fuel and low energy prices. It may be correct to say that at least until recently, the American way of life has included a constant search to relieve human physical activity and inconveniences by devices consuming, in the aggregate, significant amounts of fuel or electricity in their operation. The result has been a continual rise in energy consumption to the point where approximately one-third of the world's consumption of energy and I repeat that one-third of the world's consumption of energy occurs in the United States.

The Arab oil embargo in 1973, however, forcefully brought to our attention a number of facts which could no longer be ignored:

First. American production of oil peaked in 1970, at 9.6 million barrels a day, and the present state of decline—current level is 8.2 million barrels a day—of this finite resource is as inexorable as the rising and setting of the Sun.

Second. Dependence on foreign sources of oil is a potential threat to national security. In the fall of 1973, we imported 6 million barrels of oil per day, accounting for 35 percent of domestic oil consumption. Today, despite our memories of the embargo, oil imports are on the order of 7 million barrels a day, representing 42 percent of the oil consumed in the United States. Furthermore, despite the hazards inherent in U.S. reliance upon OPEC, those countries, which provided 70 percent of U.S. oil imports before the embargo, are now supplying 82 percent. The situation with respect to oil is being followed in the case of natural gas as well.

Third. The American lifestyle has been affected by the promotion of energy consumption and wastefulness. We have been encouraged to buy large, heavy cars with low gas mileage, to use electricity

profligately with the promise of the lowest rates to the greatest user, and to allow our community development patterns to take shape without any thought given to mass transit.

Clearly, any policy must contain a mix of the following courses of action:

First. Develop new and better techniques of exploration and recovery of oil and natural gas.

Second. Expand coal production and use.

Third. Expand use of nuclear power.

Fourth. Develop alternative sources of energy such as solar, geothermal, and synthetic fuels.

Fifth. Adopt and encourage conservation measures to reduce the growth of demand.

It is self-evident that a society which has geared its entire development on the use of fossil fuels, particularly oil and gas, cannot make an immediate shift to alternate sources of energy. Time is needed for development of those sources.

For that reason, and because of the entire drain on our economy of the wastefulness that characterizes our use of energy, there is an abiding need to make energy conservation a pillar of American energy policy. As a nation we must realize that our fuel supplies are finite and that they should be used wisely.

The energy which can be saved by applying the present level of energy conservation technology is well documented and those energy savings would be substantial. The investment required to install a wide variety of energy conservation measures can often be recouped within a few years, yielding substantial cost savings thereafter. ERDA has indicated that by the year 2000, energy conservation actions can result in energy savings equivalent to a boost of one-third in energy resources. The Ford Foundation's middle case technical fix seenario goes even further.

In the absence of a living conservation ethic among our people, it is imperative that action be taken at the highest levels of Government to promote energy conservation.

The Ford administration policy to reduce energy consumption almost entirely through higher prices is misguided and shortsighted. There is reason to believe that higher prices will not be effective in significantly reducing energy demand. As an example, gasoline prices have risen 60 percent since the embargo, yet demand is close to the pre-embargo peak. These high prices hit the very hardest at those who can afford them the least. The wealthy will not be penalized, but those who have to get to and from a job at the factory or on a construction site, those to whom a dollar has been shrinking through all these years, are the ones who are being hit the hardest by these rises in gasoline prices. Furthermore, higher energy prices at this stage in the economic recovery would inject unacceptable inflationary pressures.

The Congress has, wisely, rejected the administration approach in favor of a more reasonably balanced course of action. No claim is being made that the problem has been resolved by actions taken in this session by the U.S. Congress. However, the Senate in the past year has become increasingly aware of the necessity to enact comprehensive energy conservation legislation, and a significant start has been made by the passage of two landmark pieces of legislation. The present administration, which should have been in the forefront of proposing such legislation, fought us tooth-and-nail all the way.

These public laws, the Energy Policy and Conservation Act of 1975 and the Energy Conservation and Production Act of 1976 have established the following important conservation actions, many of which have been opposed by the administration:

First. Mandatory auto efficiency standards which require a fleet average of 20 miles per gallon in model year 1980 and 27.5 miles per gallon by 1985.

Second. Appliance labeling requirements so as to provide the consumer with reliable energy efficiency information.

Third. Federal grants to assist States in developing energy conservation plans.

Fourth. An industrial energy efficiency program which provides for voluntary reporting.

Fifth. Federal energy conservation standards applicable to new residential and commercial buildings.

Sixth. Federal grant program to weatherize low-income dwellings.

Seventh. A State energy conservation implementation program to provide the public with reliable energy conservation information.

Eighth. A demonstration program to provide financial assistance to homeowners for energy conservation purposes.

Ninth. A program of energy conservation obligation guarantees to encourage the retrofit of industrial, commercial, and public buildings.

Tenth. An electric utilities program to develop electric utility rate design initiative and fund demonstration projects.

When the history of this session of Congress is written, it can fairly be said that the U.S. Senate, in the face of consistent opposition by the administration, took the first steps toward esablishment of an energy conservation policy for the American people.

The ACTING PRESIDENT pro tempore. Under the previous order the Senator from Arkansas (Mr. BUMPERS) is recognized.

ENERGY CONSERVATION

Mr. BUMPERS. Mr. President, the phrase "energy conservation" may carry in the minds of some a connotation of nonuse of energy. This misconception should be dispelled, and energy conservation should be characterized instead as the efficient use of energy.

The efficient use of energy involves the development of renewable or inexhaustible energy resources, such as solar energy, wind, ocean thermal, and biomass conversion.

As Dr. Edward Teller, one of the Nation's top nuclear physicists, stated in the Friday edition of the New York Times:

> Too little attention and too little money is being spent on such alternate uses of energy.

The budget recently requested by the Energy Research and Development Administration—ERDA—for fiscal year 1977 reflects the misdirected efforts of the Ford administration in the area of energy conservation.

Dr. Barry Commoner, Director of the Center for the Biology of Natural Systems, summarized the inadequacy of the ERDA program in testimony before the Senate Interior Committee, when he said:

> In sum, the ERDA effort in support of nuclear power, the breeder program, coal conversion, and shale oil production, which represents $2,242 million of the total $3,445 million of non-military research and development expenditure (or about 65 percent) could not possibly achieve the essential goal of a national energy program—to establish an energy system capable of meeting national needs, on a continuous basis, at stable prices—in less than 60–75 years. In my opinion, continuously rising energy prices would place an unacceptable stress on the economy, and on the people of the U.S. whom the economy is intended to support, long before that time.

This administration has failed to recognize some important facts regarding our national energy problem. We are rapidly running out of oil and gas. We have enough coal to last until nonfossil sources of power—solar power, wind, and thermonuclear fusion—are perfected and commercialized, though the mining and burning of coal presents hazards to health and environment that have not yet been resolved. Practical methods of energy conservation—better building insulation and more efficient use of waste heat from power generation and manufacturing—can at least slow the growth of our energy demands. But this administration has continued to promote nuclear breeder reactors at the expense of solar energy programs.

For example, the President asked Congress to appropriate $160 million for solar development programs in fiscal year 1977, which was approximately $95 million less than ERDA had proposed during executive branch budget negotiations in the fall of 1975. The Senate Committee on Interior and Insular Affairs proposed fiscal 1977 authorizations of $278.3 million for solar energy development, a $118.3 million increase in the President's budget proposal. The committee also approved a $12.5 million increase in the administration's $50.1 million request for geothermal energy projects.

This administration has lacked imagination in recognizing the need to provide increased levels of funding for solar energy research, development, and demonstration. The apparently forced resignation of the Assistant Administrator of ERDA for Solar Energy is only one fact evidencing this lack.

On the other hand, Congress has recognized the energy potential of the bio-

fuels resource. The energy potential of this resource is vast. The Earth's green plants are estimated to store annually six times the world's technological energy consumption. Obviously all of this cannot be utilized to meet our energy needs, but this is still an enormous resource. Specialty crops are known which are capable of collecting the energy equivalent of 10 barrels of oil per acre each year. One ton of dry plant material or annual waste is the energy equivalent of about 1.3 barrels of oil. A special National Science Foundation seminar held at the University of California in 1974 estimated that there are 800 million recoverable tons of crop residues and animal wastes produced annually. Unused forest materials provide an additional 50 to 180 million tons per year. This means that we have an enormous potential untapped resource in this country.

Since the basic research on this resource has already been done, it is incumbent upon us to develop the technologies to convert it into the fuels which we so badly need. For reasons I fail to understand, ERDA proposed to spend only $3 million in fiscal year 1977 on this area. The Interior Committee and the Senate raised that amount to $8 million in the ERDA authorization bill. The House of Representatives proposes to raise that amount to $13.5 million.

Solar spending cuts have been characterzied by the administration as "normal budget cuts." The energy problem facing our country is not a normal situation. It requires immediate increases in ERDA's nonnuclear budget requests above the President's budget proposals.

Mr. President, Dr. Commoner has just restated the urgency of our country's needs in this area. I ask unanimous consent that an article of his in the Washington Post of Sunday, September 12, be printed immediately following these remarks.

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

THE SOLAR SOLUTION

(By Barry Commoner)

For the first time in history the U.S. economy now confronts a sharp and continuing rise in the relative price of energy. This is painfully apparent to householders; many suddenly find themselves paying more for fuel and electricity than they do for their mortgage.

The overall data, which are readily computed from Department of Commence statistics that got back to 1811, are unequivocal: In the entire history of modern industrial and agricultural development in the United States—up to 1973—relative energy prices (that is, relative to the average price of all commodities) have either decreased or remained essentially constant. In 1973 the trend suddenly changed. In that year the energy price index stood at 72 per cent of the commodity price index, having slowly and steadily declined from a value of 77 per cent in 1950. In 1974 energy prices jumped to 94 per cent, in 1975 to 100 per cent, and in the first quarter of 1976 to 104 per cent of the commodity price index.

The immediate cause was, of course, the 1973 embargo, and the rise in the price of oil imposed by the Organization of Petroleum Exporting Countries (OPEC). However, the price has since then continued to rise with no sign of abatement. This reflects the basic fact that the sources of energy on which we largely depend, especially petroleum and natural gas, are nonrenewable and therefore are certain, at some point, to increase in price at an accelerating rate. The OPEC actions served only as an abrupt means of anticipating the inevitable inflationary impact of the nonrenewability of oil on world oil prices.

The basic energy problem we now face is to learn how to slow the unprecedented rise in the price of energy, and to stabilize it.

Can this be done? The present U.S. energy program (if it can thus be dignified) offers no grounds for optimism. By perpetuating our massive dependence on nonrenewable fuels, and forcing us to rely on new, immature energy technologies, the present program would continue the present rise in energy prices.

There is an alternative. Solar energy is renewable, and its costs, rather than rising, are ready to become economically competitive as its technologies are brought into wider use. All that is required is a national commitment to invest enough capital to bring down the costs of solar energy so that it can begin to offset the continuing rise in the prices of other forms of energy.

The flaws in the U.S. government's present approach are evident from the most detailed description of the federal energy program, the ERDA National Plan for Energy Research and Development (1976). In the near term ("now to 1985 and beyond") the ERDA plan proposes to rely on enhanced recovery of domestic oil and gas and increased production of nuclear power. Enhanced recovery of these fuels is subject to the law of diminishing returns and relying on them is simply a guarantee of escalating prices.

In the near term ERDA also proposes to promote the growth of fission nuclear power, which—once more—means a sharp increase in future energy prices because of the technological immaturity of the nuclear industry. One sign of its immaturity is the escalation of the price of power from nuclear plants resulting from the rapid rise in their capital costs.

In the mid-term ("1985 to 2000 and beyond") the ERDA plan proposes to rely on coal conversion and shale oil to provide the synthetic liquid and gaseous fuels that would be essential (particularly in vehicles) to replace petroleum imports and dwindling domestic production of petroleum and natural gas. But the capital cost (per unit of energy produced) of coal conversion and shale oil processes is about 10 times that of coal mining itself and well above the capital cost of even intensified petroleum production. This means that the introduction of coal conversion and shale oil products would involve a sharp increase in fuel prices that would worsen progressively if these products were to increasingly take over the present functions of natural gas and petroleum.

The only conventional energy technology that could be used in the near and mid-term to stabilize energy prices is the direct combustion of coal. Coal reserves are so large (they represent a 400-year or more supply) and laterally dispensed that production costs may remain free of the effect of diminishing returns for some time—perhaps 100 or more years. (The present rise in the price of coal is more a response to rising oil prices than to increased production costs.) Since direct combustion (as in coal-fired power plants) is a mature technology, coal can for the time being contribute to the stabilization of energy prices. Further environmental safeguards are needed, in strip mines and power plants. But these are well known, mature technologies and adopting them would not lead to a continuous escalation in price.

In the long term ("2000 and beyond") the ERDA plan emphasizes breeder-based nuclear power and fusion on the grounds that these techniques meet the necessary requirement for resource inexhaustibility. Breeder technology is confronted with a number of very severe, unsolved problems. As to fusion, there is no evidence as yet that the basic physical process actually works.

Even if we accept ERDA's optimistic expectations that the breeders will actually breed and that the program can be safely introduced, it cannot become mature, in the sense of producing power at a stable price, before 2040. Thus, the ERDA plan, as a whole, could not possibly establish an energy capable of meeting national needs, on a continuous basis, at stable prices, in less than 60 to 70 years. Long before then, the economy is likely to collapse under the strain of steadily rising energy prices.

THE SOLAR ALTERNATIVE

One of the most striking features of the technologies on which the ERDA energy plan would rely is that they yield so little energy in return for the invested capital. For example, the capital productivity of shale oil production (that is, the rate of energy production achieved per dollar of invested capital) is one-fortieth of that experienced in current oil production. The capital productivity of the manufacture of synthetic crude oil from coal is about one-eighth of the capital productivity of coal mining itself. The capital productivity of nuclear power is significantly inferior to that of coal-fired power, and becoming progressively worse.

All this explains the rather startling economic innovation proposed by the Ford administration as a means of financing its energy plan. The Energy Independence Authority Bill, which is now before Congress, would apply $100 billion of public funds, as capital, to private enterprise for the development of precisely those energy production technologies that are most wasteful of capital: nuclear power, synthetic oil from coal and shale oil. The rationale is that these technologies are so demanding of capital (because of their low capital productivity) and so risky (because of their technological immaturity) that private entrepreneurs are unwilling to invest their own capital.

Now that Mr. Ford has led the way in proposing to use such a magnificent sum of public funds ($100 billion is, after all, almost equal to the annual military budget) for the development of a national energy program that would only worsen the present, disastrous rise in energy prices, it is appropriate to think of a better way of investing it. There is a better way: solar energy.

Contrary to the myth that solar technologies are only distant, exotic hopes, most of them have been tried out and are known to work. For example, even one of the more elaborate solar technologies—photovoltaic cells—originally developed to power satellites at a cost of about $200 per watt, sold for $50 per watt in 1973, and are now available at $12-14 per watt. While the price is still too high to be competitive, the falling price is clear evidence that the technology is sufficiently mature to avoid unpleasant future surprises that raise its cost. The same is true of every other solar technology now being developed, including the energy storage techniques that are essential to most applications of solar energy.

Particularly important is the rapid development of practical hydrogen-based technologies, since hydrogen is not only a convenient way to store solar-generated electric power, but is also a means of delivering solar energy in a form that is usable in transporta-

tion. The feasibility of the direct use of hydrogen to fuel cars and buses, with only a minor modification of the gasoline engine, is well established; a hydrogen-fueled bus is operating in Provo, Utah. Once hydrogen is in hand, hydrocarbon fuels—for example, to operate jet aircraft—are fairly simple to produce as well.

Solar energy has some distinctive characteristics: Sunlight falls on every square inch of the earth's surface, it can be captured only where it falls, and the capture of one sunbeam has no effect on our ability to capture another one. As a result, many solar devices can be built on any desired scale at about the same cost per energy unit. This contrasts sharply with conventional energy technologies, where economies of scale are so large that only power plants in the billion-dollar range are economically competitive.

The introduction of solar technologies into the national energy system will need to be planned to coincide with the expected time at which their costs become equal to or less than the conventional technologies that they are to replace. One major solar technology—the production of space heat and hot water—is expected to be economically competitive with natural gas within a year. Both of these technologies are ready to be introduced now, as the first steps toward stable energy prices. The remaining solar technologies are at various stages of economic development, but most of them could be introduced and contribute to energy price stabilization in the next 15 years.

In sum, it is possible, beginning at once, to slow down the present escalation of energy prices and to move toward stabilization by relying on coal-fired power production in the near and mid-term, and introducing the various solar technologies as they become economically competitive, beginning at once with solar heat and methane installations. In this way, it should be possible to gradually approach approximate energy price stabilization over the next 20 to 25 years—a period which is, in any case, the minimum time in which all the huge productive enterprises could be completed.

The common response to such an account—or even to the simple assertion that solar technologies really exist in practical, usable forms—is that if all this is true, why is solar energy so little used?

The answer lies, once more, in the realm of economics. Specifically, the problem is that we have failed, thus far, to take advantage of a very special, powerful economic characteristic of solar technology. Because fuel prices are escalating, a capital investment that produces energy without purchased fuel has a value which will itself grow exponentially with time. Because of the nature of the energy crisis itself, such a capital investment (if technologically mature) can solve it. Solar technology is precisely such an investment. In an era of energy-induced inflation, it becomes the ideal hedge against inflation. The initial capital costs can be readily recovered in fuel savings.

All that stands in the way of making practical use of this opportunity is the cost of the initial investment. However, now that the Ford administration proposes to invest $100 billion of public funds in an effort—albeit technologically and economically misguided—to solve the energy crisis, we can look at what solar energy could do with that magnificent sum.

At the Center for the Biology of Natural Systems we have recently estimated the impact of investing $100 billion in residential and commercial solar space heater on national energy savings and on the cost of heat to the consumer. We adopted the following approach: Between now and 1980, the U.S. government would loan a total of $100 billion to homeowners and commercial establishments to purchase solar heaters, on an interest-free basis. In return each year, for a 10-year period, the latter would pay back to the government the amount of money saved in fuel costs. The saving is computed in terms of the 1980 price, so that, to the extent to which solar energy is used, the consumers' heat costs remain constant from year to year, thus, to this extent, accomplishing the sought-for energy price stabilization. The money paid back to the government is to go into a rotating fund to provide loans for further solar installations, thus expanding the overall program. At the end of 10 years, all of the solar heating systems would still be saving fuel costs, and these savings would also be returned to the government, in subsequent annual payments, until all of the original $100 billion is recovered.

FIFTEEN-YEAR PAYOFF

One set of calculations was based on a currently available solar space heating system which in most parts of the country could provide 60 per cent of the heat load for a single family dwelling at an initial cost of $7,500 (including extra insulation). At the end of the 10-year period, 75 per cent of the single-family dwellings and 40 per cent of the commercial floor space in the United States (exclusive of the South, where heating needs are minimal), would be receiving 60 per cent of their heat from the sun and 40 per cent from conventional sources. In every successive year starting with the 10th, the fuel saved would be sufficient to reduce oil imports by 20 per cent. In the 10th year and thereafter, a total of $6.52 billion per year would be saved in fuel costs (based on a price fixed at the 1980 level) so that the initial $100 billion investment could be paid back in the next 15 years.

A new combined solar heating/electric generation system developed by Drs. Roy Kaplow and Robert Frank of MIT could yield even better results. Based on current cost estimates, over a 10-year period the $100 billion loan fund could be used to install such solar systems to provide 80 per cent of the required heat and a considerable fraction of the electric power in 75 per cent or more of the single-family dwellings and all of the commercial establishments in the United States. At the end of 10 years the fuel saved per year would amount to 58 per cent of oil imports. The annual fuel savings would be about $21 billion, so that the $100 billion investment could be paid back in five years.

It should be added that such a massive program would go a long way toward reducing unemployment. It would require considerable labor—by sheet metal workers, carpenters, plumbers, electricians—spread over most of the country.

The purpose of this exercise is not so much to specify in detail how such a program could be carried out, but to demonstrate, by a simple example, the immediate, powerful economic capabilities of the application of existing solar technology. Using the same principle—the temporary investment of government funds to provide the capital needed to purchase solar equipment and the reinvestment of the resulting savings in fuel expenditures—additional solar technologies could be introduced, step by step, as they become economically feasible.

Here, then, is the real meaning of solar energy. It is a way of ending our short-sighted dependence on nonrenewable fuels. It is a way of ending the risks, to our security, to our lives and to the quality of the environment, of nuclear power. It is a way of ending the economic tyranny of centralized production. It is the only way to slow down the escalating costs of energy and halt the forced march toward economic catastrophe.

Solar energy is the way to end the energy crisis and to begin a new era in the nation.

The ACTING PRESIDENT pro tempore. The Senator from Alaska is recognized.

ENERGY CONSERVATION COLLOQUY

Mr. GRAVEL. Mr. President, during the past two Congresses, we have been greatly concerned about the subject of "energy" and "energy usage" in the United States. This is an extremely complex area, complicated by the fact that decisionmakers have been unable to agree on how to approach the problem of our impending "energy shortage." Can the problems be handled through a program designed to encourage the energy-producing industry to find new deposits of energy resources? Can we accept the notion that our problems have arisen through our profligate attitude and all would be remedied if we would only conserve our resources? Too often the debate has adopted an "either or" stance, with the result that we have yet to articulate an energy policy for the Nation.

Conservation has, unfortunately, been identified in people's minds with economic stagnation or decline. Somehow, it seems to follow that if fewer energy resources are used, the well-being of society and its members will decrease. This assumption is wholly untrue. It results partially from a misunderstanding about the nature and purpose of energy. It ignores the possibility of being able to get more work out of the resources that we consume.

Energy is nothing more or less than the ability to do work. It comes in many forms, oil, natural gas, coal, geothermal deposits, hydropower, solar heat, and wind. All of these naturally occurring phenomena possess energy. Yet, unless they are harnessed, they are of no value to us. The vast oil and gas deposits at Prudhoe Bay are of no value to the energy consumer now. They do no work; they run no automobiles. We really do not care if they are 10 billion barrels or 10 barrels. But they have potential value and when they are refined, or harnessed to work for us, they will be valuable sources of energy. Therefore, when we consider the possibilities for conserving energy, we should be thinking of ways to increase the amount of work that we get from a barrel of oil, not on how to use fewer barrels of oil.

In order to get an idea of how potentially important this kind of increased conservation effort can be, we need only look at various energy efficiencies in the country. The American Physical Society has studied the use of energy in America and their results should disturb us greatly. They show that the average efficiency of our transportation and heating and cooling systems is only about 10 percent. This is an appalling figure when we realize that space conditioning accounts for more than 25 percent of the annual U.S.

energy demand. The society estimates that by using existing technologies, the efficiency rates of these two consumers of energy could be doubled or possibly tripled. In other words, we could heat twice as many homes with the same amount of electricity or we could heat the same number with half as much as is being used today.

What would this kind of increased efficiency mean for our gross level of consumption? The Project Independence blueprint estimated that an energy conservation program for residential and commercial buildings only would save 500 million barrels of oil annually. If we were able to reach the levels of 20 to 30 percent projected by the society, we would be able to achieve far greater savings without any decline in the quality of life.

But those levels of efficiency will remain out of our reach unless we have a dramatic change in attitude on the part of the Federal, State, and local governments, as well as the individual. We need to ask ourselves a whole different set of questions about energy usage. We must throw out our old set of assumptions based on plentiful, cheap energy supplies.

Energy resources are of two basic types, renewable and nonrenewable. Where we can, we should be giving preference to renewable resources. Hydrocarbon resources are limited. We consume in a day what took millions of years to create. It only makes good sense for us to be very careful with these supplies, insuring that they are used in the most efficient manner possible.

This change will require energy systems planning on some sort of regional basis. During the 1960's we became sensitized to our environment and the reality of living in a complex, interdependent natural system. We became impressed with the need to assess the impact of an action on the whole system and not just those things immediately affected. We now need to apply this same kind of analysis to the energy situation.

People and institutions need energy to do different types of work in very different social, economic, and physical environments. Sometimes the type of energy needed will be available locally, sometimes it will not be. In some cases, climate or geography will alter the economics of a particular energy resource. If we are going to be able to make our resources provide the maximum amount of work for us, we must be able to analyze the needs and the available resources and match them up.

In doing this, there are several questions that decisionmakers must focus on. One, what is the work to be done? Does it require high or low quality energy? What sources produce that quality energy and are any of them available locally? At this point we are able to begin to develop our list of possible options for the region, including possible combination energy systems. Only in this way can consumers be reasonably assured that the relative efficiencies have been assessed and that there is a possibility that the kind of energy used will fit the type of work required.

There has been some progress made by corporations and cities in assessing energy usage and in trying to increase its efficiency. Corporations that do so are finding that tangible, financial rewards exist. Cities will benefit to the extent that analysis and planning cut down on the projected growth of energy consumption and eliminate the need for costly utilities. However, these efforts are presently sporadic and uncoordinated. They are not likely to lead to the sort of energy planning that we need in this country.

During the 94th Congress we passed the Energy Policy and Conservation Act which had two significant sections related to energy conservation. The first section required the Federal Government to get its own house in order by developing a 10-year plan for energy conservation in buildings owned or leased by it. The plan is to include thermal efficiency and insulation requirements, lighting efficiency standards, and thermostat controls. It will also include plans for retrofitting existing Federal buildings to meet conservation standards.

The second part of the legislation has much potential importance. This section authorized grants-in-aid to States to help them establish and carry out energy conservation programs based on State needs. This is an ideal forum for the States to analyze, project, and plan for future energy needs based on relative efficiencies and local resources.

The State government is the most appropriate level at which to establish such a program. The people must start thinking about their consumption of energy and the ways in which wasteful consumption affects their lives and their communities. It simply is not very convincing to hear bureaucrats in Washington talk about problems in the cities and towns of America. The people have heard a lot of talk from Washington and they are tired of it. But a local jurisdiction is in a position to investigate and understand local problems. The people are more likely to respond to their mayor or Governor than to suggestions from some Washington agency or department.

In addition, State control and direction of the energy study is the only way in which we can assure that regional and local variations are taken into account in setting up these standards. It would seem to be beyond dispute that the needs of Alaska and the needs of New York are going to be vastly different. But they may also experience some common problems and the differences may not be the obvious ones. All sorts of variables should enter the picture. States may have resources in solar or geothermal that exceed the experts' expectations. My point is that we will never know the potentials of energy conservation until we throw out the old assumptions and controls and let the States and local governments do their own assessment of their problems and potentials in the State.

The State of Oregon has done such an energy study. It focused on the potential of various energy sources and tried to determine which ones were the most practical for satisfying the State's needs. I do not know the ultimate fate of this study, but I would commend it to the administration as an example of the kind of activity we at the Federal level should be encouraging.

Unfortunately, the present administration does not have a very good record in regard to giving the States a meaningful role in decisionmaking. Their policy with regard to the Outer Continental Shelf is an excellent example of the way in which the administration has overruled legitimate State interests in protecting its citizens and resources from the adverse effects of offshore oil development. State involvement in the decisionmaking process was solicited on a pro forma basis, but meaningful contacts have been so few that several of the States have had to go to court in an attempt to protect their rights.

The rationale most often given for ignoring State interests has been the overriding Federal interest in developing these offshore energy deposits for the benefit of the entire Nation. However, it can be argued that since the offshore areas will take so long to develop, the national interest would have been equally well served by giving money and encouragement to State conservation programs and the development of alternative sources such as solar energy.

Given the dismal record of the current administration, there is little reason to hope that energy conservation programs will receive more than the routine interest they have received over the last 4 years.

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

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

The assistant legislative clerk proceeded to call the roll.

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

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

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, while we are awaiting the arrival of a Senator for consummation of a special order, I ask unanimous consent that the period for routine morning business now take place without prejudice to the order of the Senator.

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

ORDER FOR RECOGNITION OF MR. McGOVERN ON WEDNESDAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that tomorrow, after the two leaders have been recognized under the standing order, Mr. McGOVERN be recognized for not to exceed 15 minutes.

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

(Later the following occurred:)

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the recognition of Mr. McGOVERN on tomorrow be transferred to Wednesday.

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

QUORUM CALL

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.

VITIATION OF CERTAIN SPECIAL ORDERS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the orders for recognition of Mr. HASKELL and Mr. MANSFIELD be vitiated.

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

MESSAGES FROM THE PRESIDENT

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

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore 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

A message from the President of the United States announced that on September 10, 1976, he approved and signed the following bills:

S. 2145. An act to provide Federal financial assistance to States in order to assist local educational agencies to provide education to Vietnamese and Cambodian refugee children, and for other purposes.

S. 3779. An act for the relief of Mrs. David C. Davis.

REPORT OF THE COMMODITY CREDIT CORPORATION—MESSAGE FROM THE PRESIDENT

The ACTING PRESIDENT pro tempore 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 13, Public Law 806, 80th Congress, I transmit herewith for the information of the Congress the report of the Commodity Credit Corporation for the fiscal year ended June 30, 1975.

GERALD R. FORD.

THE WHITE HOUSE, *September 13, 1976.*

MESSAGES FROM THE HOUSE

At 10:15 a.m., a message from the House of Representatives delivered by Mr. Berry, one of its clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 8603) to amend title 39, United States Code, with respect to the organizational and financial matters of the U.S. Postal Service and the Postal Rate Commission, and for other purposes.

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2184) to authorize appropriations for the winter Olympic games, and for other purposes.

The message further announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 327) to amend the Land and Water Conservation Fund Act of 1965, as amended, to establish the National Historic Preservation Fund, and for other purposes, and that the House recedes from its amendment to the title.

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5465) to allow Federal employment preference to certain employees of the Bureau of Indian Affairs, and to certain employees of the Indian Health Service, who are not entitled to the benefits of, or who have been adversely affected by the application of, certain Federal laws allowing employment preference to Indians, and for other purposes.

The message further announced that the House insists upon its amendments to the bill (S. 521) to increase the supply of energy in the United States from the Outer Continental Shelf: to amend the Outer Continental Shelf Lands Act; and for other purposes, disagreed to by the Senate, agrees to the conference requested by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. MURPHY of New York, Mr. UDALL, Mrs. MINK, Mr. EILBERG, Mr. BREAUX, Mr. STUDDS, Mr. DODD, Mr. HUGHES, Mr. MILLER of California, Mr. FISH, Mr. FORSYTHE, Mr. DU PONT, and Mr. YOUNG of Alaska were appointed managers of the conference on the part of the House.

ENROLLED BILLS SIGNED

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

H.R. 5465. An act to provide additional retirement benefits for certain employees of the Bureau of Indian Affairs and the Indian Health Service who are not entitled to Indian preference, to provide greater opportunity for advancement and employment of Indians, and for other purposes;

H.R. 8603. An act to amend title 39, United States Code, with respect to the organizational and financial matters of the U.S. Postal Service and the Postal Rate Commission, and for other purposes; and

H.R. 10394. An act to amend title 38 of the United States Code to promote the care and treatment of veterans in State veterans' homes.

The enrolled bills were subsequently signed by the Acting President pro tempore (Mr. LEAHY).

ENROLLED BILL SIGNED

At 12:10 p.m., a message from the House of Representatives delivered by Mr. Berry announced that the Speaker has signed the following enrolled bill:

S. 3669. An act to provide for adjusting the amount of interest paid on funds deposited with the Treasury of the United States as a permanent loan by the Board of Trustees of the National Gallery of Art.

The enrolled bills were subsequently signed by the Acting President pro tempore (Mr. LEAHY).

At 1:32 p.m., a message from the House of Representatives delivered by Mr. Hackney, one of its clerks, announced that the House disagrees to the amendments of the Senate to the bill (H.R. 14238) making appropriations for the legislative branch for the fiscal year ending September 30, 1977, and for other purposes; agrees to the conference requested by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. SHIPLEY, Mr. GIAIMO, Mr. ADDABBO, Mr. MCFALL, Mr. YATES, Mr. EVANS of Colorado, Mr. ROYBAL, Mr. ROUSH, Mr. MAHON, Mr. COUGHLIN, Mr. CEDERBERG, Mr. ARMSTRONG, and Mr. REGULA were appointed managers of the conference on the part of the House.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The ACTING PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

REPORT OF THE FEDERAL TRADE COMMISSION

A letter from the Secretary of the Federal Trade Commission transmitting, pursuant to law, a report on a new system of records (with accompanying report); to the Committee on Government Operations.

OCTOBER 1976 TERM OF THE SUPREME COURT

A letter from the Chief Justice of the United States informing that the Supreme Court will open the October 1976 Term on October 4, 1976, at 10 a.m.; placed on the table.

REPORT OF THE OFFICE OF MANAGEMENT AND BUDGET—(S. Doc. 94-253)

A letter from the Director of the Office of Management and Budget transmitting, pursuant to law, a cumulative report on rescissions and deferrals dated September 1976 (with an accompanying report); referred jointly, pursuant to the order of January 30, 1975, to the Committees on Appropriations, the Budget, Agriculture and Forestry, Commerce, Public Works, Labor and Public Welfare, Banking, Housing and Urban Affairs,

Interior and Insular Affairs, Foreign Relations, Finance, Armed Services, the Judiciary, the District of Columbia, Government Operations, and Aeronautical and Space Sciences, and ordered to be printed.

REPORT OF THE GENERAL ACCOUNTING OFFICE— (S. Doc. 94–252)

A letter from the General Counsel of the General Accounting Office informing the Senate of the release by the Department of Transportation of certain impounded budget authority to Amtrak; referred jointly, pursuant to the order of January 30, 1975, to the Committees on Appropriations, the Budget, and Commerce, and ordered to be printed.

REPORT OF THE SECRETARY OF COMMERCE

A letter from the Secretary of Commerce transmitting, pursuant to law, the second annual report on the implementation of the Federal Fire Prevention and Control Act of 1974, for the calendar year 1975 (with an accompanying report); to the Committee on Commerce.

INTERNATIONAL AGREEMENTS OTHER THAN TREATIES

A letter dated September 9, 1976, from the Assistant Legal Adviser for Treaty Affairs of the Department of State transmitting, pursuant to law, copies of international agreements other than treaties entered into within the past 60 days (with accompanying papers); to the Committee on Foreign Relations.

REPORT OF THE DEPARTMENT OF COMMERCE

A letter from the Assistant Secretary of Commerce transmitting, pursuant to law, a report on a new system of records (with an accompanying report); to the Committee on Government Operations.

REPORT OF THE COMPTROLLER GENERAL

A letter from the Acting Comptroller General transmitting, pursuant to law, a report entitled "States' Protection of Workers Needs Improvement" (with an accompanying report); to the Committee on Government Operations.

REPORT OF THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE

A letter from the Under Secretary of Health, Education, and Welfare transmitting, pursuant to law, the fifth annual progress report on the 5-year plan for family planning services and population research (with an accompanying report); to the Committee on Labor and Public Welfare.

REPORT OF THE COMPTROLLER GENERAL (S. Doc. 94– —)

A letter from the Deputy Comptroller General reporting, pursuant to law, on a proposed rescission of budget authority to the Legal Services Corporation submitted by the President in his first special message of fiscal year 1977; referred jointly, pursuant to the order of January 30, 1975, to the Committees on Appropriations, the Budget, the Judiciary, and Labor and Public Welfare, and ordered to be printed.

PETITIONS

The ACTING PRESIDENT pro tempore laid before the Senate the following petitions, which were referred as indicated:

A petition from Project 76 relating to proposed legislation; to the Committee on the Judiciary.

A resolution adopted by the Legislature of the Virgin Islands; to the Committee on Interior and Insular Affairs:

"RESOLUTION NO. 806

"To Express the Support of the Legislature For the 'Jackson Amendment' to S. 2998, Pending Before the 94th Congress of the United States and Pertaining to the Return of Gasoline Excise Taxes to the Commonwealth of Puerto Rico and, As Proposed to be Amended, to the Territory of the Virgin Islands of the United States.

"Whereas Senator Henry M. Jackson introduced S. 2998 into the Congress of the United States on February 19, 1976, entitled 'To amend the Puerto Rico Federal Relations Act'; and

"Whereas the amendment to the Puerto Rico Federal Relations Act being sought by S. 2998 is one that would provide for the return to the Treasury of the Commonwealth of Puerto Rico of gasoline excise taxes collected by virtue of 26 U.S.C.A. 4081 (Internal Revenue Code of 1954), which taxes amount to several millions of dollars annually and are currently being deposited into the Treasury of the United States; and

"Whereas Senator Henry M. Jackson subsequently introduced an amendment to S. 2998 which would add thereto two additional sections for the purpose of amending Section 28b of the Revised Organic Act of 1954 in the same manner as Sections 1 through 3 of said bill amended the Federal Relations Act of Puerto Rico, in order to provide for the return to the Treasury of the Virgin Islands of all gasoline taxes imposed and collected by virtue of 26 U.S.C.A. 4081 (Internal Revenue Code of 1954); and

"Whereas the significance of this proposed amendment to the Virgin Islands is particularly enhanced in view of the extreme economic difficulties which have been experienced by the Virgin Islands over the course of the past several years, forcing severe cutbacks in essential Virgin Islands Government programs and services; and

"Whereas it is the sense of this body that its firm position with regard to the passage of S. 2998, as proposed to be amended by Senator Henry M. Jackson, should be expressed unequivocally to those members of Congress who will be called upon to decide the fate of this most important legislation; Now, Therefore, Be it

Resolved by the Legislature of the Virgin Islands:

"SECTION 1. That the Legislature of the Virgin Islands hereby expresses its unanimous and unwavering support for the passage of S. 2998, 94th Congress, Second Session, as amended by the "Jackson Amendment", the effect of which will be to provide for the return to the treasuries of the Commonwealth of Puerto Rico and the Territory of the Virgin Islands of the United States of all excise taxes collected on the production of gasoline within those respective jurisdictions.

"SEC. 2. That copies of this Resolution shall, immediately upon its passage, be forwarded to the President of the United States Senate, the Speaker of the United States House of Representatives, the respective chairmen of the committees on Interior and Insular Affairs of the Senate and House of Representatives and the Virgin Islands Delegate to the United States House of Representatives, Washington, D.C.

"Thus passed by the Legislature of the Virgin Islands on August 17, 1976."

Assembly joint resolutions 62 and 66, adopted by the Legislature of the State of California; to the Committee on Commerce:

"RESOLUTION CHAPTER —

"(Assembly joint resolution No. 62—Relative to abandoned airplane wreckage)

"LEGISLATIVE COUNSEL'S DIGEST

"AJR 62, Thurman. Abandoned airplane wrecks.

"This measure would memorialize the Congress to prohibit the abandonment of airplane wrecks in California, and elsewhere in the nation, as it deems appropriate, except in exceptional circumstances where removal would endanger life.

"Whereas, Abandoned airplane wreckage hampers or delays the actual rescue attempt to find survivors of airplane crashes when rescue groups are mistakenly dispatched to old wreckage, thereby creating additional and unnecessary expense; and

"Whereas, Abandoned airplane wreckage creates needless additional hazards to search and rescue units; and

"Whereas, Abandoned airplane wreckage is frequently spotted and reported as a 'down plane' creating needless extra work for law enforcement officials, land agency administrators, and search and rescue coordinators, who must deal with these reports; and

"Whereas, The common practice of abandoning airplane wreckage on the less accessible terrain of the California countryside has resulted in a buildup of hundreds of abandoned wrecks; and

"Whereas, In the absence of regulations, airplane wreckage is still being abandoned in California, usually after it is stripped of valuables, although some land agencies are now trying to force the complete removal of new airplane wreckage from their lands on a case-by-case basis; and

"Whereas, Abandoned wreckage represents a blight on the countryside that, if not removed, will exist indefinitely; and

"Whereas, Scavengers will often scatter wreckage or alter the appearance of known wreckage in their search for valuables and souvenirs; and

"Whereas, Metal from an airplane wreckage that is not recycled represents a loss of an increasingly scarce nonrenewable resource; and

"Whereas, The nature of air travel indicates a need for a federal approach when dealing with specific reforms; now, therefore, be it

"*Resolved* by the Assembly and Senate of the State of California, jointly, That the Legislature of the State of California respectfully memorializes the Congress of the United States to prohibit the abandonment of airplane wrecks in California and elsewhere in the nation, as it deems appropriate, except in exceptional circumstances where removal would endanger life; and be it further

"*Resolved*, That the Chief Clerk of the Assembly transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, to each Senator and Representative from California in the Congress of the United States, to the Federal Aviation Administration, and to the National Transportation Safety Board."

"Resolution Chapter—

"(Assembly joint resolution No. 66—Relative to public utilities)

"LEGISLATIVE COUNSEL'S DIGEST

"AJR 66, Ingalls. Public utilities.

"This measure would memorialize the Congress of the United States to give urgent consideration to amending the Federal Power Act to provide that no wholesale rate increases become effective until hearings have been completed and a final order issued by the Federal Power Commission upholding the lawfulness of all or a portion of any such increase.

"Whereas, Many private electric utilities during the past two years have forced repeated sharp increases in wholesale rates upon municipal systems, thereby raising doubts in the public mind concerning the credibility of such municipal operations; and

"Whereas, In many cases the wholesale power rate charged to such municipal systems is considerably higher than the rate charged to industrial customers by such private utilities; and

"Whereas, The Federal Power Commission has refused to consider such rate discrimination against municipal utilities and is appealing a recent court of appeals decision

which would require the commission to consider and correct this price squeeze situation; and

"Whereas, A continuance of this price squeeze has caused many to question whether these municipal systems should be continued in operation, thereby inhibiting the development of publicly owned alternative energy resources and endangering the fiscal well-being of such cities; and

"Whereas, Under existing Federal Power Act procedure these wholesale rate increases are normally made effective within 30 days after filing, or at the latest within a five-month suspension; and

"Whereas, The final decision of such rate cases before the commission generally takes two years or longer while such rates are in effect; and

"Whereas, An amendment to the Federal Power Act could provide for appropriate hearings before rate increases are permitted, to reflect the consumer's interest as well as the private utility's interest; now, therefore, be it

"*Resolved* by the Assembly and Senate of the State of California, jointly, That the Legislature of the State of California respectfully memorializes the Congress of the United States to give urgent consideration to amending the Federal Power Act to provide that no wholesale rate increases become effective until hearings have been completed and a final order issued by the Federal Power Commission upholding the lawfulness of all or a portion of any such increase; and be it further

"*Resolved*, That the Chief Clerk of the Assembly transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. CRANSTON (for Mr. HARTKE), from the Committee on Veterans' Affairs, with an amendment:

H.R. 2735. An act to amend title 38 of the United States Code in order to provide for an annual investigation by the Administrator into the cost of travel by veterans to Veterans' Administration facilities and to set rates therefor, and for other purposes (title amendment).

By Mr. JACKSON (for Mr. SYMINGTON), from the Committee on Armed Services, with amendments:

H.R. 14846. An act to authorize certain construction at military installations, and for other purposes (Rept. No. 94–1233).

By Mr. HUDDLESTON, from the Committee on Agriculture and Forestry:

S. Res. 545. An original resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 2823. (Referred to the Committee on the Budget.

With amendments:

S. 2823. A bill to amend section 502(c) of the Rural Development Act to assist small farmers in upgrading their farming operations (Rept. No. 94–1234).

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

S. Res. 524. A resolution regarding the terrorist attack at Istanbul Airport (Rept. No. 94–1235).

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following executive reports of committees were submitted:

By Mr. STENNIS, from the Committee on Armed Services:

David Robert Macdonald, of Illinois, to be Under Secretary of the Navy.

(The above nomination was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that today, September 13, 1976, he presented to the President of the United States the following enrolled bill:

S. 3669. An act to provide for adjusting the amount of interest paid on funds deposited with the Treasury of the United States as a permanent loan by the Board of Trustees of the National Gallery of Art.

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. BROOKE:

S. 3805. A bill to amend title XVI of the Social Security Act so as to make the provisions thereof relating to limitation on eligibility of individuals in public institutions inapplicable to residents of certain small publicly operated community residence facilities, and for other purposes. Referred to the Committee on Finance.

By Mr. FORD:

S. 3806. A bill for the relief of Doctor Orlando Fusilero Bravo. Referred to the Committee on the Judiciary.

By Mr. EAGLETON:

S. 3807. A bill to amend Public Law 93–198. Referred to the Committee on the District of Columbia.

By Mr. ALLEN:

S. 3808. A bill to amend Part D of title IV of the Social Security Act to limit the amount of an individual's wages which is subject to garnishment thereunder, for the enforcement of child support and alimony obligations, to 50 percent of such wages (or such lower amount as may be provided by State law). Referred to the Committee on Finance.

By Mr. TAFT:

S. 3809. A bill for the relief of Deborah Worrell. Referred to the Committee on the Judiciary.

By Mr. GRIFFIN:

S. 3810. A bill to amend the Communications Act of 1934 to provide just and reasonable rates, terms, and conditions for the use of certain rights-of-way by persons desiring to lease space for wire communication. Referred to the Committee on Commerce.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BROOKE:

S. 3805. A bill to amend title XVI of the Social Security Act so as to make the provisions thereof relating to limitation on eligibility of individuals in public institutions inapplicable to residents of certain small publicly operated community residence facilities, and for other purposes. Referred to the Committee on Finance.

Mr. BROOKE. Mr. President, today I am introducing legislation to eliminate roadblocks in the supplemental security income program to the eligibility of persons living in community group homes.

In my State of Massachusetts and across our Nation, there is a growing movement to develop group homes and other similar community residences for disabled, the elderly, and other vulnerable people. These community residences are designed to provide a home for people who, because of advancing age or disability, are unable to live totally independently. They offer such persons the opportunity to live a fairly normal life and to remain active participants in their communities, despite their handicaps. Group homes are an alternative to a lifetime in a nursing home or State institution—an alternative which is not only more humane, but also considerably less costly.

I believe that public policy should encourage the development of group homes and other alternatives to institutional care. But a patchwork of statutory provisions under the SSI program have exactly the opposite effect.

The legislation I am introducing today would remedy this by making several changes in current SSI law. First, the legislation makes persons living in publicly operated community residence for 16 or fewer residents eligible for SSI benefits on the same basis as those living in private community residences of the same nature. Current law precludes SSI payments to any person living in a public institution. The second change permits State and local governments to subsidize room and board costs in a home when necessary, without penalizing the residents by reducing or eliminating their SSI benefits. Under current law, funds provided by nonprofit organizations to subsidize group homes and other community residences are not counted as income to the residents, but public funds for the same purpose are counted. Thus, if private funds are used, SSI payments are not reduced; but if any public funds are used, SSI payments are reduced.

The legislation also requires States to develop and enforce standards for such community residences. This is designed to replace a section of existing law which attempts to guard against substandard health facilities, but which has never been implemented because of its complexity. Requiring States to develop their own regulatory mechanism is a more effective approach than the current provisions, I believe, and one strongly supported by HEW and a number of consumer groups.

The cost of this legislation is modest and well within the congressional budget resolution. The administration estimates that the first year cost will fall between $8 and $16 million. Net Federal costs would be somewhat less than this, since any movement of SSI recipients into community residences from publicly financed institutional care will cause a decrease in Federal medicaid expenditures.

This legislation has broad, bipartisan support. Introduced in the House by Congresswoman MARTHA KEYS of Kansas, it was unanimously approved by the Ways and Means Committee as a committee amendment to H.R. 8911, the Supplemental Security Income Amendments of 1976, and was passed by the House as a

whole by 374 to 3. The legislation also has broad support among consumer groups such as the National Association for Retarded Citizens, the American Association of Retired Persons, and a variety of other public-interest groups.

I believe that the time has come to make good on our oft-repeated promises to encourage alternatives to institutional care, as this legislation is designed to do. I urge my colleagues on the Finance Committee to give this legislation the earliest possible consideration, so that action will not have to await the 95th Congress.

By Mr. ALLEN:

S. 3808. A bill to amend part D of title IV of the Social Security Act to limit the amount of an individual's wages which is subject to garnishment thereunder, for the enforcement of child support and alimony obligations, to 50 percent of such wages (or such lower amount as may be provided by State law). Referred to the Committee on Finance.

PROTECTING FEDERAL WAGE EARNERS FROM ABUSIVE GARNISHMENT

Mr. ALLEN. Mr. President, I believe strongly that parents of children owe a duty of support to their offspring until the children have reached maturity. If divorce separates the parents, I do not feel that the fact of divorce in any way lessens a parent's duty to its child.

Mr. President, I also believe strongly in and have always supported laws which permit courts having jurisdiction of divorce cases to make a reasonable determination of the financial contribution, if any, one spouse should make to the other in light of all of the circumstances surrounding the marriage.

But, Mr. President, I have also always supported statutes which put some limitation on the power of a creditor to garnish the wages of a worker in order to satisfy a debt. Without such limitation workers can be rendered destitute by creditors and thereby made to feel that there is little point in having any employment at all since virtually all of the wages earned are, by process of court, immediately forfeited to the creditor.

So, Mr. President, while I endorse wholeheartedly requirements that a parent be held legally responsible for the support of its child and that State courts have plenary power to set out the financial obligations of divorced persons, one to another, I do not believe the Federal Government should permit unrestrained enforcement of those obligations in those cases in which the United States is named as garnishee in legal process designed to secure all or nearly all of the wages of a Federal employee or former Federal employee.

The unrestrained garnishment of Federal wages has given rise in many cases to clearly inequitable and severe consequences. For example, in some instances a court in one jurisdiction may set the financial obligations of a divorced parent to his spouse and children at a given level based on the current wages. Thereafter the divorced parent, a Federal employee, retires and receives retirement income at approximately one-half the amount received prior to retirement. However, the retiree—having moved to another jurisdiction—is unable to secure an adjustment from the jurisdiction having originally fixed his obligation to spouse and children. The result, Mr. President, is simply that the retiree's entire retirement income is paid over automatically by the United States to the spouse and children without any effective inquiry with respect to the relative financial condition of the parties involved.

Now, Mr. President, I believe that result is harsh. In fact, I believe the result is especially harsh when considered against a legal structure governing these matters which already permits for contempt of court the imprisonment of a divorced parent who is unable to pay child support or alimony. Without going into the serious constitutional questions raised by such imprisonment—which is effectively imprisonment for nonpayment of a debt—I do feel that the Federal Government ought to set some reasonable limit on the amount of an employee's Federal wages which can be seized under writ or garnishment.

I suggest that 50 percent is a reasonable limitation. Others may feel that 50 percent is too high and still others that it is too low, but I believe only a few, if any, would disagree with the principle that some part of Federal wages ought to be preserved to the wage earner.

So, Mr. President, I am hopeful that the appropriate committee of the Senate will study the measure I have introduced and hold hearings thereon, if necessary, to arrive at an appropriate limitation. If time proves too short to enact legislation in this Congress, I will introduce a similar measure in the 95th Congress. I recommend that consideration of this proposal begin now so that action may be taken by the Senate as soon as is practical.

By Mr. GRIFFIN:

S. 3810. A bill to amend the Communications Act of 1934 to provide just and reasonable rates, terms, and conditions for the use of certain rights-of-way by persons desiring to lease space for wire communication. Referred to the Committee on Commerce.

REGULATION OF POLE ATTACHMENTS

Mr. GRIFFIN. Mr. President, today I am introducing a bill—substantially similar to two House measures (H.R. 15268 and H.R. 15372)—which is designed to ameliorate a growing problem affecting the cable television industry. At present, in most States, there is no public authority designated to regulate rates charged cable television operators for the use of utility poles.

Legislation on this subject is needed for several reasons.

First, the owners of these utility poles may charge whatever they wish for rental of space without providing any evidence that such charges reflect a fair and reasonable apportionment of the costs of placing and maintaining the poles.

Second, the Federal Communications Commission has declined to assert jurisdiction over pole rental charges for both telephone and nontelephone utility poles without specific legislative authority. It would seem that the FCC is an appropriate agency to exercise lead jurisdiction in this area.

Under the provisions of this bill, the FCC is required to promulgate regulations and assert jurisdiction over this area within 9 months after the bill is signed into law. In formulating these regulations the FCC must consult with an advisory panel composed of the Chairman of the Federal Power Commission and one representative of State regulatory authorities.

Finally, the several States would not be precluded from adopting their own regulations for determining rates, terms, and conditions for pole attachment rentals. The FCC could then exempt a State from provisions of this bill upon a showing that its State regulations are just and reasonable.

Mr. President, I ask unanimous consent that the bill be printed.

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

S. 3810

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, Title II of the Communications Act of 1934 is amended by adding at the end thereof the following new section:

"SEC. 224 (a) As used in this section:

"(1) The term 'utility' means any person whose rates or charges are regulated by a State or the Federal Government and who owns or controls poles, ducts, conduits, or rights-of-way used, in whole or in part, for wire communication. Such term does not include any railroad, any person which is cooperatively organized, or any person owned by the Federal Government or any State.

"(2) The term 'State' means any State or any political subdivision, agency, or instrumentality thereof.

"(3) The term 'Federal Government' means the Government of the United States or any agency or instrumentality thereof.

"(4) The term 'pole attachment' means any attachment for wire communication on a pole, duct, conduit, or other right-of-way owned or controlled by a utility.

"(b)(1) Except as otherwise provided in paragraph (3) of this subsection, the Commission shall regulate the rates, terms, and conditions for pole attachments. The Commission shall promulgate regulations to provide that such rates, terms, and conditions are just and reasonable.

"(2) Regulations promulgated under paragraph (1) shall not take effect until the expiration of the nine-month period which begins on the date of enactment of this section. Except as otherwise provided by law, the States shall have the opportunity, during such nine-month period, to assert jurisdiction over the rates, terms, and conditions for pole attachments.

"(3) The Commission may not require any utility to permit any new pole attachment.

"(4) The Commission shall consult with the advisory board established pursuant to subsection (d) in the promulgation of the regulations under paragraph (1).

"(b)(1) Any State may apply to the Commission, in such form as the Commission shall prescribe, to exempt rates, terms, and conditions of pole attachments from the authority of the Commission under subsection (b)(1) and regulations promulgated by the Commission under such subsection. The Commission shall review any such application and make a final determination thereon not later than three months after the date of receipt by the Commission of such ap-

plication. Failure of the Commission to make a final determination within three months after the date of receipt of such application shall be deemed to constitute approval for purposes of this section.

"(2) The Commission shall approve the application submitted under paragraph (1) and exempt the rates, terms, and conditions for pole attachments in any State from the authority of the Commission under subsection (b)(1) and regulations promulgated under such subsection if the Commission finds that such State regulates rates, terms, and conditions for pole attachments in a manner designed to provide just and reasonable rates, ter ıs, and conditions for pole attachments in such State.

"(3) The Commission, upon request of an interested person, may review any State pole attachment regulatory program which has been exempted from the authority of the Commission under subsection (b)(1) and regulations promulgated under such subsection and, after affording an opportunity for submission of written data, views, and arguments, withdraw such approval if it finds that such State no longer regulates rates, terms, and conditions for pole attachments in a manner designed to provide just and reasonable rates, terms, and conditions for pole attachments in such State.

"(d) The Commission shall establish an advisory board to assist the Commission in the promulgation of the regulations under subsection (b)(1). Such Board shall include—

"(1) the Chairman of the Federal Power Commission or his delegate; and

"(2) at least one representative of State regulatory authorities".

ADDITIONAL COSPONSORS

S. 3182

At the request of Mr. TAFT, the Senator from Wyoming (Mr. HANSEN) and the Senator from Ohio (Mr. GLENN) were added as cosponsors of S. 3182, to amend the Occupational Safety and Health Act of 1970.

AMENDMENT NO. 2219

At the request of Mr. MUSKIE, the Senator from Michigan (Mr. PHILIP A. HART) was added as a cosponsor of amendment No. 2219, intended to be proposed to H.R. 14846, the military construction authorization bill.

SENATE RESOLUTION 544—SUBMISSION OF A RESOLUTION AUTHORIZING ADDITIONAL PRINTING

(Referred to the Committee on Rules and Administration.)

Mr. RANDOLPH (for himself, Mr. WILLIAMS, Mr. JAVITS, and Mr. STAFFORD) submitted the following resolution:

S. RES. 544

Resolved, That there be printed for the use of the Committee on Labor and Public Welfare one thousand nine hundred additional copies of its committee print of the current session entitled "Rehabilitation and Developmental Disabilities Legislation."

SENATE RESOLUTION 545—ORIGINAL RESOLUTION REPORTED RELATING TO THE CONSIDERATION OF S. 2823.

(Referred to the Committee on the Budget.)

Mr. HUDDLESTON, from the Committee on Agriculture and Forestry, reported the following original resolution:

S. RES. 545

Resolved, That pursuant to the section 402(c) of the Congressional Budget Act of 1974, the provisions of section 402(a) are waived with respect to the consideration of S. 2823, a bill to amend section 502(c) of the Rural Development Act of 1972 to assist small farmers in upgrading their farming operations. Such waiver is necessary in order to permit consideration of explicit statutory authority for the implementation during fiscal year 1977 of the survey and program for small farmers mandated by S. 2823.

AMENDMENTS SUBMITTED FOR PRINTING

SUSPENSION OF IMPORT DUTY ON CERTAIN HORSES—H.R. 9401

AMENDMENT NO. 2284

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

Mr. HUGH SCOTT. Mr. President, while the heartland of America's mushroom industry is located in Pennsylvania, there are prime mushroom canning and growing centers in the States of California, Delaware, Michigan, New York, and Ohio. Within the last 10 years we have gone from near zero imports to what now accounts for 46 percent of our processed mushroom market. The mushroom industry has been trying for several years to obtain import relief, but to no avail. The predicted disaster is now a reality—the need for legislative action never more compelling.

It is no coincidence that subsequent to President Ford's decision for "adjustment assistance" for our domestic industry last May, imports by Asian mushroom processors have increased by the largest volume ever experienced. The imports in the months of June, July, and August 1976, compared with the same 3 months last year are set out in a table which I ask unanimous consent to have printed in the RECORD at this point.

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

[Canned pounds, drained weight]

	1976	1975	1974
June	10, 390, 838	4, 741, 303	2, 703, 474
July	* 12, 000, 000	6, 025, 025	2, 943, 734
August	* 20, 000, 000	5, 035, 017	2, 815, 186
	42, 390, 838	15, 801, 345	8, 462, 394

*Rounded pending official data.

The total imports for fiscal year ending:
June 30, 1975: 57,701,060 canned pounds.
June 30, 1974: 45,514,861 canned pounds.
The current 3 months almost equals the year 1974.

Mr. HUGH SCOTT. This increase in imports is occurring during an off-season period for Asian processors. Their crop and canning season is yet to come in the later months of this year. At that time even greater monthly increases are expected.

I am submitting an amendment today which is the substance of a bill which I introduced on July 28, 1976 (S. 3704), which would impose quantitative limitations on the importation of mushrooms into the United States.

Our domestic mushroom industry must have immediate legislative protection to survive, and I urge my colleagues, particularly those from the mushroom growing and processing States, to support this amendment. Our mushroom industry is not asking for a handout—they want to work.

After fighting this difficult battle for almost 10 years, it would give me great satisfaction and relief as I retire from public service to help to save this proud, struggling industry, so important to the economy, not only of Pennsylvania, but of the Nation.

Mr. President, I ask unanimous consent that the text of a letter from the commissioner of agriculture, State of Minnesota, Mr. Jon Wefald, as well as the text of my amendment be printed at this point in the RECORD.

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

AMENDMENT NO. 2284

At the end of the bill insert the following new section:

SEC. 3. (a) The aggregate quantity of the articles specified in item 144.20 (relating to mushrooms otherwise prepared or preserved) of the Tariff Schedules of the United States (19 U.S.C. 1202) which may be entered during any marketing year beginning on or after the effective date of this section shall not exceed—

(1) in the case of any foreign country other than a foreign country referred to in paragraph (2) or (3), the average aggregate drained weight quantity of such articles of such country which was entered during the marketing year which began on July 1, 1970, and the four following marketing years;

(2) in the case of the Republic of China (Taiwan), 25,000,000 pounds (drained weight); and

(3) in the case of the Republic of Korea, 6,000,000 pounds (drained weight).

(b) The Secretary of Agriculture shall compute the quantities provided for in subsection (a)(1) on the basis of available import data and shall certify to the Secretary of the Treasury the amounts which may be entered from any foreign country under such subsection. The Secretary of the Treasury shall take such actions as may be necessary to insure that the amounts entered under subsection (a) do not exceed the quantities provided for in such subsection.

(c) For purposes of this section—

(1) The term "entered" means entered, or withdrawn from warehouse, for consumption in the customs territory of the United States.

(2) The term "customs territory of the United States" means customs territory of the United States as defined in the Tariff Schedules of the United States.

(3) The term "marketing year" means the 12-month period beginning on July 1 of a calendar year.

(d) This section shall take effect on July 1, 1976.

STATE OF MINNESOTA,
DEPARTMENT OF AGRICULTURE,
St. Paul, Minn., September 2, 1976.

Senator ABRAHAM RIBICOFF,
Chairman, International Trade Subcommittee, Senate Finance Committee, U.S. Congress Russell Senate Office Building, Washington, D.C.

DEAR SENATOR RIBICOFF: On behalf of the commercial mushroom producers in Minnesota, I urge your most serious and favorable consideration of three pieces of pending legislation before your subcommittee of the

United States Congress—proposing reasonable restriction of mushroom imports. The bills, all identical, are H.R. 14881, H.R. 14889, and H.R. 15198.

Although mushroom production is not a major part of our agricultural economy in Minnesota, it does contribute jobs, food, and economic growth to the state and its is an important industry in our state.

The truth is that our domestic mushroom industry all across America is being severely hurt by unfair foreign competition—like so much of our domestic agriculture industry.

You and the members of our subcommittee need only look at the latest and accumulative reports on our nation's unfavorable balance of payments in international trade. We are in a serious deficit position.

The mushroom imports are only the latest example of unfair and unlimited imports damaging American agriculture in the past few years. Recently, we have also had the devastating impact of near-record beef imports that damaged our domestic livestock agriculture and the attendant totally uncontrolled palm oil imports raising comparable havoc with domestic vegetable oil agriculture. . . . along with thousands of other industrial and consumer products that are imported to benefit foreign economies and some of our nation's own huge conglomerates at the weakening of our own national economy.

Organized labor can tell the Congress how many jobs have been exported to foreign competitors during the past decade.

I recommend that you specifically weigh the written testimony of William F. Lehmann, President of Lehmann, Inc., St. Paul, Minnesota, the northwest's oldest and largest mushroom grower. It clearly tells what is happening to his business. Imports are forcing him to retrench rather than expand and provide new jobs. Unless the problem is solved, he admits that bankruptcy is inevitable.

Federal indifference is forcing food processors and wholesalers to buy the imports produced by cheap, unorganized foreign labor, to meet competition and maintain their own economic stability.

The truth is, limits on mushroom imports will protect both the producer and the marketer of mushroom products, and most of all, will protect the American consumer—on supply, on quality, and on the stability of a fair price.

Domestic production provides jobs that imports foreclose.

I think that it is high time we face the realities of good, sound economics. To remain healthy and strong, America must continue to safeguard all of its producing industries—corporate and agricultural.

We know that America is too dependent on other nations for its oil supply. We do not want that to happen in any other area of our raw materials industry in America. We have to remember that it is the raw material industry in general, and the agricultural industry in particular, that has the greatest potential to generate in America the necessary new wealth and earned income that will give this nation full production, full employment, and a balanced budget.

Sincerely,

JON WEFALD, *Commissioner*.

STATE AND LOCAL FISCAL ASSISTANCE AMENDMENTS OF 1976—H.R. 13367

AMENDMENT NO. 2285

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

Mr. HATHAWAY (for himself and Mr. MUSKIE) submitted an amendment intended to be proposed by them jointly to the bill (H.R. 13367) to extend and amend the State and Local Fiscal Assistance Act of 1972, and for other purposes.

AMENDMENT NO. 2286

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

Mr. TAFT submitted an amendment intended to be proposed by him to the bill (H.R. 13367), supra.

AMENDMENTS NOS. 2287 AND 2288

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

Mr. CULVER submitted two amendments intended to be proposed by him to the bill (H.R. 13367), supra.

NOTICE OF HEARINGS

Mr. JACKSON. 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:

September 15.—House-Senate conference: 2 p.m., room S-407, Capitol, S. 507, Federal Land Policy and Management Act of 1976.

September 16.—House-Senate conference: 10 a.m., room 3110, conference, S. 521, Outer Continental Shelf Lands Act amendments.

September 21.—Joint hearing, Commerce and Interior: 10 a.m., room 3110, hearing, oversight hearing on west coast crude oil surplus.

September 22.—Full committee and national fuels and energy policy study: 10 a.m., room 3110, hearing, S. 3486, to amend the Emergency Petroleum Allocation Act of 1973.

September 23.—Full committee and national fuels and energy policy study: 10 a.m., room 3110, hearing, oversight hearing on oil refinery policy.

September 28.—Energy Research and Water Resources Subcommittee: 10 a.m., room 3110, hearing, oversight hearing on ERDA long-range program.

ANNOUNCEMENT OF HEARING

Mr. McGOVERN. Mr. President, the Subcommittee on Agricultural Credit and Rural Electrification, of the Committee on Agriculture and Forestry, will hear testimony on Friday on legislation which would affect eligibility for rural electric and telephone borrowers under the Rural Electrification Administration's programs.

REA Administrator David Hamil and a representative of REA will testify at 2 p.m. on Friday, September 17, in the committee hearing room, 324 Russell Building, about H.R. 12207. The bill, in effect, would cut by about one-half the number of REA electric and telephone borrowers who are eligible at the present time for special rate, 2-percent REA loans.

ADDITIONAL STATEMENTS

FARNBOROUGH AIR SHOW IN ENGLAND

Mr. GOLDWATER. Mr. President, recently it was my honor to have been asked by President Ford to represent him at the Farnborough Air Show in England. A report of that trip has just been completed and I ask unanimous consent that this and cogent remarks from the London Times be printed in the RECORD.

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

U.S. SENATE,
Washington, D.C., September 10, 1976.

THE PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: This is a short report to you of my impressions of the Farnborough Air Show which I attended as your representative from September the 5th to the 9th.

My first day included a delightful visit with Ambassador Anne Armstrong during which we toured part of the American exhibit and she made some remarks to the assembled companies. She is an outstanding ambassador and everyone I met in official capacities seemed to be greatly appreciative of her efforts.

My report will be necessarily brief because, frankly, there was not much new that was being shown. This does not mean that aviation has reached a dead end or that aviation is even standing still. There is no question that it will make progress in new and existing fields. But, the general thought among all countries, and I visited with most of them, is that the costs of development of new air frames, engines and even avionics has reached such a stage that it will be virtually impossible for the private entrepreneur to make these developments, and it may even be impossible for some governments to underwrite them.

What we heard more than anything else was the growing need for mutual cooperation between all countries of the free world interested in a continuing advancement in aviation. I firmly believe that this is going to be necessary, even though the United States may remain capable of some large-scale developments on its own.

I was particularly impressed by the quality of the American exhibit particularly in avionics, but I am likewise impressed with the improvements shown in the same fields by other countries indicating that the United States no longer has a "lock" on this important segment of the aircraft industry. There were no new aircraft that brought the ohs and ahs from the crowd. We had our F-17 which may become the F-18 if we can ever get it off the drawing board and it, of course, is a spectacular performer. Enclosed is an article from the London Times which in a much better way than I can, sums up the attitudes of the aircraft industry in other countries.

One of the more interesting meetings I had was with General Johannes Steinhoff, former Chief of the German Air Force and a longtime friend. He has just written a new book, "Wither NATO?" which has not been translated into English yet. In effect, the General warns that NATO must have forces in being, in place and ready, with the most important factor, the willingness to use them evident at all times. He envisions a possible first attack by the massive structure of the Soviet ground forces at night or in bad weather which would virtually preclude the use of any close air support aircraft primarily because of the present development of avionics to be used for that purpose. What he is also saying, Mr. President, is that NATO is not a cohesive force, that its members tend to wander off and this is not going to change. In his opinion, until the United States shows signs of willingness and ability to use its military power, we cannot hope to balance the critics of NATO in the Congress and abroad. He speaks most highly of General Haig as did every other military man I spoke with.

Outside of aviation matters there was one other major concern of many people I met. While I know it is not a subject that would

normally come under a report to my President on aviation, nevertheless, I think it is of sufficient importance to bring to your attention. Practically every businessman I spoke with and several members of Parliament wondered how long our country, the United States, would continue to spend money in the wanton way which we have been doing because they see nothing but disaster ahead if it continues. Many wondered why we couldn't take our lessons from Europe which is in such bad shape now because of unchecked spending practices and complete submission to organized labor which we are now practicing in our country.

It was my distinct pleasure to have served you in this official capacity and if I can ever be of help to you in any way at all, don't hesitate to call.

With respect,

BARRY GOLDWATER.

[From the London Times]

MATING DANCE IN THE WESTERN SKY

The aircraft industries of the world are meeting at Farnborough at a time of great transition for aviation in general, and for the manufacturing sector in particular.

Hardly any major new civil aircraft will be on display, a reflection of the fact that world aerospace is pausing before deciding which big new projects it should embark upon for the rest of the century.

The pause is likely to be a lengthy one, as with any new civil airliner project of any size costing £500m or more, it is plainly essential that the industry should be certain that what it produces is what the airline industry wants to buy. Gone for ever are the days when an industry could produce a series of new airliners speculatively and then rely on its government to meet the costs if they proved a commercial failure.

It is doubtful whether any national aircraft industry—with the exception of that of the Soviet Union—will again develop and produce on its own a major new airliner, so great is the financial risk involved, and so vital is it to have such an airliner marketable in a world, rather than a purely local, market.

It is as a result of this that what has been termed the mating dance of western aerospace has been going on during most of this year, with European companies courting their opposite numbers in the United States for the establishment of collaborative deals, while they in their turn have been courted by the Americans.

Nothing has yet been signed between the two sides, but there is little doubt that big deals are in the offing, and that when they come—as they probably will before the next Farnborough show—they will mark the ending of the purely parochial British, or European, or American aircraft industries, and the beginning of a western world aerospace consortium.

Meanwhile, the age of the derivatives continues, with existing civil projects, already funded and partly written down, being scaled up or scaled down to meet new gaps in the market as they appear.

A classic case is the successful European A300 Airbus, being produced by France, West Germany, Holland and Spain, and as a private venture by the British Hawker Siddeley company, although Britain is now negotiating to return to the project at government level. There are active plans to produce it as a smaller version, and as a version with four engines, instead of two.

At the same time, the A300 is being used as a key to entry to collaboration with the United States aircraft industry, and as one of the most important components in a "family" of European-developed airliners proposed by the EEC.

Another familiar airliner which is being used for development for the future is the British Aircraft Corporation BAC 1-11, whose manufacturers see it being bought for service in remote areas with short runways where jets cannot normally operate, and also in a version with a new, wide body and quiet engines.

But many of these projects are only stopgaps. It cannot be long before the airlines of the world, reacting to the demands of passengers and the countries over which they fly, commission the aircraft industries to develop a new generation of airliners, of all sizes from 70 seats up to 600 or more, incorporating the latest thinking in technology, and particularly those sectors of technology which produce quiet engines and cheapness of operation.

Supersonic aviation fits into this pattern, although its development through to a second-generation airliner will be delayed longer than developments in the subsonic sector because of the enormous costs involved and the environmental protests which still cloud its future.

But what has been termed a "Concorde mark two" is certain to come—and its technical development and enormous financial costs are likely to be shared between Europe and the United States with, possibly, the Soviet Union entering the consortium as well. The generation after Concorde, the United States space shuttle—a cross between a supersonic airliner and a space capsule—is to make its maiden flight shortly and should go into regular service in the next decade.

In the military sector, world aerospace is far busier than in the development of civil aircraft. In spite of continuing detente the bigger countries are keeping their armouries topped up and modernized, while there is a continuing strong demand for aircraft and their attendant systems from the nations of the Third World—and particularly from the Arab states, the only one buying new airliners in any numbers at present.

In the new military contracts the trend towards international collaboration is also strongly apparent. The European multirole combat aircraft is now well down its development path and should be entering service with the forces of Britain, West Germany and Italy by the time the next Farnborough show comes round, while what came to be known as "the aircraft sale of the century"—the reequipping of the air forces of Europe with a new fighter—will bring vast amounts of work to the aircraft factories of the Continent, even though the dourly fought competition was won by the American General Dynamics with its F16.

The development of British aerospace is following the world trend closely, with near stagnation on the civil side, but with many of the shops busy fulfilling military orders. The industry continues to sell its engines, electronics and skill in heartening amounts, but there is still the fear among the industry's senior executives that the excellent annual export figure of about pound £600m is built largely on orders taken years ago, and that there will be a gradual decline in the performance unless new orders are placed soon.

But overshadowing these and all the other doubts for British aerospace is the prospect in the near future of nationalization.

British Aircraft Corporation, Hawker Siddeley Aviation, Hawker Siddeley Dynamics and Scottish Aviation will, because of the delays in the progress of the nationalization Bill, be appearing under their own banners at this show. But vesting day should come by about the end of the year, and at Farnborough 1978 these old established and internationally known companies will have disappeared by name and will appear under the general banner of British Aerospace.

Although long negotiation over terms of compensation is to come, most people in the aircraft industry appear to have come to accept that a large part of it is to be state-owned and welcome the fact that the hiatus which has affected the industry's long-term planning, and its credibility in the eyes of many potential overseas customers, is almost over.

AUTHUR REED, *Air Correspondent.*

SENATOR RANDOLPH URGES PROMPT ENACTMENT OF EMERGENCY NATURAL GAS LEGISLATION TO OFFSET SHORTAGES THIS COMING WINTER

Mr. RANDOLPH. Mr. President, too much time has been spent in search of a scapegoat for the U.S. natural gas shortages.

There is a general agreement in the Congress that curtailments are the result, in part, of unreasonable prices established by the Federal Power Commission for interstate natural gas, and also that the price should be raised. The controversy centers on what national price is reasonable for new natural gas production. The recent decision by the Federal Power Commission in Opinion No. 770 may have rendered action by the Congress on price unnecessary, but emergency legislation still is needed.

NEW NATURAL GAS PRICES

The current price for natural gas produced from wells drilled prior to January 1, 1973, and distributed in interstate commerce, is 32 cents per thousand cubic feet—Mcf. This supply amounts to approximately 90 percent of the total natural gas now transported in interstate commerce. The recent opinion by the Federal Power Commission would raise this regulated ceiling price for two categories of interstate natural gas:

First, the price of "new" natural gas from wells commenced in the two year period between January 1, 1973, and December 31, 1974, or dedicated to interstate commerce during this period would be raised from the current 52 cents per Mcf up to $1.01 per Mcf.

Second, the price of "new" natural gas from wells commenced after December 31, 1974, or dedicated to interstate commerce after that date would be set at $1.42 per Mcf.

The Federal Power Commission order does not affect 90 percent of present interstate sales or any intrastate natural gas supplies. The new interstate prices thus are applicable to only 6 to 7 percent of the natural gas presently consumed in the United States.

The FPC action recognizes that higher costs are associated with the development of new natural gas at greater depths and in frontier areas than are permitted by present rates.

The new prices were set by the Commission on the basis of its estimates of anticipated exploration and production costs—not on the basis of OPEC oil prices. An August 6, 1976, editorial in the Washington Post noted:

. . . The whole theory of gas price regulation is based on an assumption that there is a clear and precise cost of production on which the FPC can base a fair price to the consumer. But the competition to natural gas is imported oil, which the OPEC cartel is selling for about twice as much as even the FPC's proposed price for gas. In order to make

sense of this whole quarrel, you have to keep it in mind that the federal controls are keeping gas far cheaper than oil.

For that reason, production cost does not determine prices. It is precisely the opposite: The price allowed by the FPC will determine production costs. . . . Gas exploration is a highly risky business. The higher the price, the more risks the industry will take.

The Christian Science Monitor observed on July 29, 1976, that—

The country could face a serious natural gas shortage will become increasingly clear unless current trends are reversed. Proven reserves have dropped steadily since 1970 and it now is estimated that little more than a decade's supply remains, figured at today's rate of use. . . .

Discussing the new prices proposed by the Federal Power Commission on August 3, 1976, the Los Angeles Times concluded:

Natural gas has been in short supply for several years. The shortage is worsening, and will continue to worsen with every passing month unless a major increase in gas prices is allowed. These are the facts of life, and the Federal Power Commission acted in the consumer interest by recognizing them in a decision last week.

Those who call the Commission action an unwarranted rip-off are taking a mistakenly narrow view of the consumer interest, for it does the consumer little good to have 'cheap' gas if there isn't enough to go around.

The new rates, Mr. President, I repeat, apply to only 6 to 7 percent of the natural gas consumed in the United States.

According to the FPC these higher prices will add only about $1.30 per month to the average residential gas bill. These prices are consistent with proposals under consideration by the Congress.

We could have enacted new prices for interstate natural gas or even deregulated natural gas. Such legislation has been extensively debated by the 94th Congress. The Senate on October 22, 1975, passed S. 2310, the Natural Gas Emergency Standby Act of 1975, by 58 to 32. This measure contained new pricing authority for the Federal Power Commission as well as emergency provisions to cope with anticipated winter curtailments.

Subsequently, on May 19, 1976, the Commerce Committee also reported S. 3422, the Natural Gas Act Amendments of 1976. This measure, pending on the Senate calendar, proposes an initial base price for new natural gas of $1.35 per Mcf. This price would be established by the Congress for the 5-year period from January 1, 1976, through December 31, 1980. Certain limited adjustments would be available to the FPC but henceforth, the basic ceiling only could be adjusted by the Congress. Under S. 3422 the Congress would, in effect, assume regulation of interstate natural gas prices, as now performed by the Federal Power Commission. However, such price decisions should not be performed by the Congress. The Federal Power Commission has the expertise to regulate natural gas prices. This should be done by the FPC, subject to Congressional oversight.

The recent action by the FPC on Opinion No. 770 represents an exercise of that agency's authority over natural gas prices, as provided for by law.

The Congress now must turn its attention to emergency authorities for the Federal Power Commission to cope with anticipated winter curtailments.

NATURAL GAS SHORTAGES

Much uncertainty exists as to total natural gas reserves and whether industry is aggressively developing known reserves. What is certain is that total proved reserves in the United States peaked between 1968 and 1970 at approximately 290 trillion cubic feet, and have steadily declined over the intervening 6 years.

Consequently national production of natural gas peaked in 1973 and is expected to continue to decline in absolute terms. For the most part new reserves are smaller in size, more difficult to find, and in frontier areas such as the Atlantic offshore.

Because the existing and potential demand for natural gas is and will be much larger than available supplies, shortages will continue to grow. The December 1974 staff report of the Federal Power Commission concluded:

A significant point that emerges from our analysis is that conventional U.S. gas production has reached its peak and will be declining for the indefinite future. This reverses a long historical record of growth and introduces a new dimension to the gas shortage. It is no longer simply a matter of gas supply failing to meet increased requirements. It means that from here on we must make do with less gas in absolute terms. We see this as inevitable regardless of the size of the U.S. undiscovered natural gas resource base.

This pessimistic 1974 assessment of future natural gas supplies will be substantiated in a dramatic way this winter. Shortages of natural gas will be 30 percent greater than last year, according to the Federal Power Commission. Besides adverse consumer and employment impacts, the financial viability of some pipeline companies is in jeopardy.

The first curtailments in 1970 involved only 100 billion cubic feet, and three pipeline companies. This winter 10 pipelines are forecasting curtailments that will affect commercial and, for the first time, residential customers.

The last two winters were mild and the recession kept industrial energy demand down. This winter, however, even with normal weather the shortages will be severe enough to affect residential customers.

Interstate pipelines will be unable to supply approximately 3.6 trillion cubic feet of natural gas, compared to a curtailment of 2.8 trillion cubic feet last year. This represents about a 25-percent shortfall to firm pipeline customers. These figures do not include curtailed interruptible customers who buy natural gas when it is plentiful with the understanding that they will be cutoff when natural gas is in short supply.

Over the six winter periods between 1970–71, and, this winter, 1976–77, interstate natural gas curtailments will have increased 36-fold or 3,600 percent. These escalated shortages now represent a national emergency with potentially severe impacts on the economy and employment. Moreover, these curtailments will occur just when the economy is on the upswing.

Eighteen months ago on February 5, 1975, Federal Power Commission Secretary Kenneth F. Plumb wrote me stating that—

The United States is currently facing a period of shortage in the supply of available natural gas. Major pipeline companies have not only been forced to stop accepting new service contracts, but have also found it necessary to curtail the supply of gas to their existing customers.

The impact of the natural gas shortage upon industrial users has not been confined to the State of West Virginia. Industrial customers . . . in the States of Louisiana, Mississippi, Alabama, Florida and Texas . . . are being curtailed . . . heavy curtailment of low-priority users has resulted in some cases in severe industrial disruption in the States of New York and Pennsylvania. The impact of the natural gas shortage on a particular area will largely depend on what natural gas pipelines serve it and on the availability and price of alternate fuel supplies.

In our State of West Virginia natural gas supplies 21 percent of our energy needs. Over 69 percent of the homes use natural gas. Last year's actual curtailments were 8.1 percent of normal usage.

Many industries dependent on natural gas have experienced severe curtailments, the largest in the State's history. Among these are the steel and glass industries, which have been forced to lay off workers during the winter months. Further curtailments seem highly probable as set forth in the same letter from Secretary Plumb:

Impact of a curtailment of natural gas service upon an industrial user will depend upon whether the user has operational alternate fuel facilities and upon the availability of alternate fuel sources in the area.

The resultant adverse consequences on the economy and employment in West Virginia and Appalachia are obvious. In addition, there are the significant secondary impacts on other industries which depend on manufacturers within this region for materials and supplies.

Hardest hit will be the industrial sector: stone, clay, and glass products; chemical and allied products; and primary metals.

If alternative fuels are not available a 20-percent reduction in West Virginia's natural gas supplies could displace 8,300 workers in the State in manufacturing and related industries.

Even greater adverse economic and employment impacts are expected in other Midwestern and Eastern States. Natural gas provided approximately 40 percent of the U.S. total domestic energy supplies, slightly more than that supplied by domestic crude oil production.

Residential and commercial uses in 1976 account for approximately 41 percent of available supplies: industrial users, 37 percent; electric utilities, 15 percent; and pipelines and others, 7 percent.

Most residential and commercial customers are served by interstate pipelines and the interstate price is subject to FPC controls. Industrial users obtain about one-half of their natural gas supply within the State of production, gas which is not subject to price controls under existing law. Texas, Louisiana, and Oklahoma use more natural gas to generate electricity than the other 47 States combined.

This winter, natural gas curtailments are expected to be 3.6 trillion cubic feet. For the first time curtailments will impact not only on industrial customers, with accompanying unemployment, but on residential users, who often are not equipped to use alternative fuels.

Clearly legislation is needed to cope with anticipated emergencies this winter due to natural gas curtailments by interstate pipelines.

EMERGENCY LEGISLATION

The Natural Gas Emergency Standby Act of 1975, S. 2310, as passed by the Senate on October 22, 1975, contains the necessary authorities to cope with anticipated shortages this winter. To mitigate the anticipated adverse impact on employment, the emergency provisions of S. 2310 should be enacted by the 94th Congress. Price relief has been provided by the recent decision of the Federal Power Commission.

A reason for the shortage is that interstate pipelines cannot as a practical matter buy natural gas, except on the Federal domain, because intrastate natural gas can sell at the higher prices. Surplus gas is available in the intrastate market in sufficient quantities to mitigate shortages that would otherwise cause widespread additional unemployment. Legislation needs to provide a priority for the interstate pipeline systems in distress to buy the gas on equal terms with intrastate purchasers. Emergency legislation also should assure maximum production and delivery to essential users and do so without inflating the price of natural gas.

The essential minimum features of such legislation should include the following provisions:

First, the interstate pipelines experiencing curtailments of customers that cannot use alternative fuels, should be given a priority to buy natural gas in the intrastate market, at the same price as intrastate purchasers. All other interstate pipelines also should be able to purchase natural gas at the same price as intrastate purchasers if a priority interstate pipeline is not in a position to purchase the gas.

Second, an interstate pipeline that is not initially determined by the FPC to be a priority purchaser should by application be able to become a priority purchaser if it can demonstrate that without such designation its essential users will be without necessary natural gas supplies.

Third, high priority consumers of interstate natural gas, who are being curtailed, should be authorized to purchase natural gas from intrastate sources at market prices and arrange for its shipment through interstate pipeline systems. This would aid end-users which are unable to secure natural gas at regulated prices for high priority uses from their pipelines. While these end-users might pay more than the regulated interstate price, this authority would provide them with an alternative to shutting down due to lack of gas. Under such an arrangement, the pipeline would operate as a "common carrier" without owning the natural gas.

This authority also would facilitate the intrastate movement of natural gas by interstate pipeline. In West Virginia, for example, there is no intrastate pipeline system. This authority thus would facilitate the movement of new natural gas supplies within the State of West Virginia by means of interstate pipelines, which is not now possible. This has been a constraint on the development of new supplies to offset the curtailments being experienced.

Concern has been expressed that big industrial end users would bid high, thereby tying up all of the available gas and forcing the price of intrastate gas to an inordinately high level. This would occur only to a limited degree. However, in order to minimize this possibility, the authority should be limited to last resort relief for priority users who are unable to obtain natural gas from their pipelines.

On August 28, 1975, the Federal Power Commission endorsed the issuance of certificates of public convenience and necessity to interstate pipeline companies to permit transmission of gas purchased under such arrangements. However, the FPC has acknowledged that legal objections might be raised with respect to their existing authority to approve such actions. This provision would provide an explicit statutory base for such actions, which would provide as much as 50 to 70 billion cubic feet of natural gas to high priority end users.

Fourth, authority should be provided under the Energy Supply and Environmental Coordination Act of 1974 to require electric powerplants and major industrial installations with the capability to use other than natural gas to switch to coal or to oil if environmental requirements permit. The released natural gas can be made available to priority purchasers. In addition, consideration should be given to have the ultimate user of the released natural gas compensate the powerplant or industrial installation for extra costs required to switch and the affected pipelines for possible losses.

Fifth, new natural gas contracts by electric power plants and major industrial installations for boiler purposes should be prohibited.

Sixth, natural gas needed for essential agriculture production should be made available consistent with the goal of substantially limiting overall unemployment and maintaining gas supplies to residential users and to hospitals and services vital to public health and safety.

Seventh, withholding of gas should be discouraged by requiring maximum production and providing that any gas withheld could never be sold at a price higher than that permitted during the emergency period; and

Eighth, because emergency relief is at issue these authorities should expire on July 1, 1977.

Such emergency legislation would provide necessary relief for the pipelines in distress. The gas supply posture of the other interstate pipeline systems would be strengthened for the reasons stated in the Commerce Committee staff report on S. 2310:

First, at present none of the interstate pipelines are able to purchase natural gas in the intrastate market in competition with intrastate purchasers. Pipelines in distress would be given a priority over other pipelines for buying as in the intrastate market at the same price as intrastate purchasers. But other interstate pipelines also would be able to enlarge their opportunities for buying more natural gas where there is no priority interstate purchaser in position to purchase the gas.

Second, the provisions for maximizing production would enlarge the available supply for all pipelines.

Third, the only diversions of existing supply would be the gas supply for electric utilities who could in fact obtain other alternative fuels. The customer receiving the diverted gas would thus be required to pay any extra costs incurred by the utility required to switch, and any losses incurred by affected pipeline;

Fourth, diversion of natural gas from one pipeline system to another would be permitted except for boiler uses as specified.

These are urgently needed provisions that could be implemented this winter. They would minimize unemployment and assure full domestic food production of enacted.

Unemployment could increase drastically this winter as natural gas curtailments cut into industrial requirements where no substitute fuels are available. Projections for last winter of 6.5 million workers out of work might well be exceeded if we have a cold winter.

Our country cannot afford delay in taking the necessary steps to offset natural gas shortages expected this winter.

TEAMSTER PENSION REFORM

Mr. GRIFFIN. Mr. President, recently the Chicago Tribune published a series of articles on the Teamsters Union Central States Pension Fund which highlights the abuses and mismanagement of this country's largest pension program. Although the series focuses upon Illinois-related ventures of the Central States fund, information is provided that should be of interest to Teamsters Union members all over the country.

I ask unanimous consent that several articles be printed in the RECORD.

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

[From the Chicago Tribune, July 30, 1976]

BAD LOANS DRAINING TEAMSTER FUND

(By Chuch Neubauer and George Bliss)

NOTE.—The Teamsters union's Central States pension fund—with assets of $1.4 billion—is the richest union pension fund in the country. Two recent federal crackdowns have made it also the most controversial. The funds's tangled financial dealings in the Chicago area have been investigated by Chuch Neubauer and George Bliss, Tribune reporters, for three months. This is their first report in a five-part series written by Todd's Fandell, Tribune financial reporter.)

Daniel J. Shannon suddenly has grown fond of painting a picture of reform for the scandal-ridden Teamsters union's Central States, Southeast, and Southwest Areas Pension Fund.

"Forget the past," Shannon, executive director of the huge fund, has been telling every reporter willing to listen.

"Sure, the fund made mistakes back in history, but all that has changed now," said

the former president of the Chicago Park District and one-time political protege of Mayor Daley.

Coming from the 42-year-old former All-American football star at Notre Dame, the pious pronouncements have been an effective public relations move. They are a radical departure from a 21-year tradition in which Teamsters officials refused to discuss any specifics regarding the pension fund's peculiar affairs.

But an intensive three-month Tribune investigation of the $1.4 billion fund indicates limited reforms by Shannon are too little and too late. The fund is in deep trouble, and Shannon and his bosses, the fund's 16 trustees, know it.

The fund's troubles are fully illustrated by studying its loan activity. Although the Teamsters haven't been required to file detailed lists of loans for the public record, The Tribune has pieced together for the first time a picture of the pension fund's major Chicago area loans from internal fund documents, land records, and court files.

Illinois is one of four states that has shared heavily in the pension fund's largesse over the years. The four—California, Nevada, and Florida are the other three—usually account for about 70 percent of the fund's outstanding loans. California projects take half that amount; Illinois, Nevada, and Florida split the remainder.

The investigation shows conclusively that in Illinois, as elsewhere, the pension fund has lost millions over the years in serving as the banker for persons who cannot get loans elsewhere. Cases to be detailed later in the series establish the following:

The fund, contrary to normal pension fund standards, has invested heavily in motels and hotels, considered among the riskiest types of real estate investments. Many such loans, though often granted on unusually liberal terms, have been foreclosed or restructured when recipients couldn't meet principal or interest payment schedules.

In many cases, the fund's struggles to remedy bad loan situations by refinancing them have simply prompted it to pour more money down the drain, compounding its heavy losses. In at least two local cases, the Teamsters have been forced to foreclose on the same property twice within a short time. One of these properties is under its third loan granted by the fund.

Large loans consistently have gone to persons with ties to and conflicts of interest with Teamsters officials, as well as to persons with crime syndicate backgrounds or links. Most of these loans would not be granted under any circumstances by more respectable financial institutions, least of all by pension funds, which are expected to be conservative investors.

Many Teamsters loans are backed by collateral insufficient to protect the outstanding balance on the loans. Many properties covered by these loans still are carried on the fund's books at highly inflated values that couldn't be met in a sale.

Besides the enormous task of unburdening itself of hundreds of millions of dollars of questionable loans, the fund is under attack by the federal government. After years of ignoring a steady flow of allegations that the union's leaders were using the fund for their own gain instead of for employe beneficiaries, federal officials now seem on the verge of a crackdown.

For nearly a year, investigators from the Labor and Justice departments have been closing in on the fund, checking claims of kickbacks, unjustified fees paid to consultants and "finders" who help arrange loans, links to organized crime, granting of hundreds of millions of dollars of improperly secured loans, missing money, and other misdeeds.

Observers say the investigation's goal may be to place the fund in some sort of receivership, to oust its badly tainted board of trustees and their cronies, and to turn the fund's management over to independent pension experts.

"At the very least, these guys will be nailed for a breach of their fiduciary duties to administer all this money for the good of the employes and not themselves," one source predicted.

Action against the fund isn't expected until after the November election, probably early next year. Investigation of its tangled web of bad loans and suspect dealings has proved a painstaking task, investigators concede. And experts disagree on the extent to which the government can prosecute the fund and force reforms under new federal pension legislation that has not been fully interpreted.

Further, preelection moves might antagonize Teamster officials, who have considerable political clout. For this reason, skeptics still doubt an all-out offensive against the fund will ever come.

Reforms claimed by Shannon boil down to his efforts to clean up the fund's portfolio of bad loans and to sell real estate it owns because of foreclosures on delinquent loans. He wants to put more money into high-grade investments such as stocks and bonds. He also has fired some members of his staff.

"It's mostly window dressing, designed to blunt the inevitable result of the government investigations and, possibly, protect his own hide," a Shannon acquaintance said. "When you come right down to it, he's still a front man for the Teamsters leaders on the fund's board of trustees and is powerless to do anything without their approval."

The biggest problem faced by Shannon or any potential reformer is shedding the burden of delinquent, foreclosed and shaky mortgages and real estate loans that Teamsters officials have meted out for two decades to friends and associates, many with criminal records.

It is highly unusual for a pension fund to make real estate loans at all, financial experts told The Tribune. "They're just too risky," one said. "You would be hard-pressed to find many pension funds that are run by accepted standards that would put a nickel of that kind of money into any kind of real estate, let alone risky ventures like these loans."

Yet the Teamsters have seen fit to put two thirds of their nickels into real estate. About $900 million of the fund's $1.4 billion in assets is invested in real estate, Shannon said. Another $350 million to $375 million is in stocks, bonds, and short-term debt, types of securities prudent pension funds stick with.

Another $100 million is in property owned and operated by the pension fund, mostly as a result of foreclosures on delinquent loans. It is property "where somehow we got title, and all of it is for sale," Shannon said.

A policy of selling is relatively new for the fund, since it long has been stuck with properties it had loaned money on. "We're not in the business of running motels and real estate; we're in the finance business," Shannon recently told The Tribune. "If something has gone bad or doubtful, we should sell it."

Unfortunately, selling property with a history of financial failure is not easy and often results in big losses. Anticipating such losses, the fund last year diverted $50 million in assets to a reserve fund set up to cover the probable sale of real estate at prices below the value carried on the fund's books.

It marked the first time the fund had acknowledged the possibility of big losses on its investments. But experts who have studied the fund's real estate loans contend the $50 million won't be adequate. More money will be needed, they warn, further reducing assets available to pay pension benefits.

Shannon publicly has minimized the bad loans on the fund's books. "We have only $45 million in delinquent loans out of the $900 million in total real estate loans," he insisted.

But when pressed by the Tribune, he conceded his figure included only those loans on which current principal or interest payments were behind schedule. It does not include millions of dollars in loans that already have been modified from the original terms to give lower interest rates or stretched-out repayment schedules.

In the past, such situations have signaled repeat problems for the fund because borrowers also failed to meet the revised terms.

The Tribune has found numerous cases where the Teamsters have granted a borrower a moratorium on interest or principal payments. Sometimes the fund has suspended all payments on a loan, but such cases aren't considered delinquent.

Although Shannon and other Teamsters officials deny it, the Central States fund has earned a poor return on its investments in recent years, especially compared with most pension funds, the Tribune found.

"Last year we received a 4½ per cent return on our investment" before expenses, Shannon said. That would amount to an income of about $60 million in interest, dividends, and rent from the fund's total assets.

While conceding that is less than can be earned from an ordinary bank savings account, Shannon contended a consultant hired to evaluate the fund concluded that "we were a little better than average." Further, the fund's performance in this area will improve, he forecast.

But pension experts are dubious. Typical pension funds last year earned a rate of return more than double that of the Teamsters fund, they noted.

"Hell, they're not even keeping pace with inflation; they're actually losing ground at an alarming rate," a Chicago executive with years of experience as a director of a giant pension fund told the Tribune.

Another expert consulted by the Tribune said a properly managed pension fund, with a cash inflow of the size apparently enjoyed by the Central States fund, could have built its assets to a much higher figure, possibly even double the $1.4 billion.

To date, however, the fund has had little trouble paying its pensions and other benefits to retired and disabled employes. The fund's investment errors have been masked by contributions that in recent years have exceeded annual benefits paid by $100 million or more.

But in coming years that margin may be jeopardized, although weekly employer contributions are scheduled to jump to a maximum of $31 per worker in 1978 from the current $25. New federal pension rules may force an end to severely restrictive Teamsters position qualification rules under which thousands of longtime trucking industry employes have been barred in the past from receiving pension benefits. Along with a natural increase in the number of retirees, this will substantially increase required payouts.

Also, pension payments will have to be increased from current levels to offset inflation, even though the size of current benefits paid to employes who qualify is considered good by most standards.

Despite its investment troubles, the pension fund continues to be operated under the direction of the crew of Teamsters officials associated with Jimmy Hoffa, several of them convicted of kickbacks, extortion, and other crimes.

"There will never be a true reform that can root out all the rotten apples in the fund until there's a total upheaval at the top—an unlikely event unless it's forced by the government," one source close to current investigations of the fund said.

One example of the fund's current leadership talent is William Presser, a Teamsters vice president from Cleveland.

In 1971, Presser pleaded guilty to illegally

accepting money from employers with Teamsters labor contracts in return for advertising in a union publication to ensure "labor peace." Such a practice violates the Taft-Hartley Act.

Presser was fined $12,000 but was not jailed because he pleaded ill health.

In the 1960s he did serve a six-month jail term after being convicted of obstructing justice by destroying union records sought by the government.

Criminal records never have been a barrier to high Teamsters officers. However, Presser was forced to step down in 1975 as a trustee of the pension fund because of new federal regulations on the qualifications of those who govern pension funds.

His place on the board was filled by his son, Jackie. That probably kept in the family most of the $29,000 in allowances collected in 1974 by William Presser from the pension fund, part of a personal income of at least $126,500 he gained from five union jobs that year, according to Labor Department reports. [Jackie did well that year, too, collecting $177,000 from his assorted union positions.]

But the federal regulation excluded Presser from serving as a fund trustee only for five years following his last conviction. He quietly returned as a trustee earlier this year, Shannon admitted to The Tribune.

Moreover, the fund's executive director indicated an allegiance to the nefarious Presser. "For what it is worth, I wouldn't be here if it wasn't for Bill Presser," Shannon declared. "When I first came here [to the fund] in 1972, there was great consternation about the new kid on the block and what he was doing. Presser said: 'He stays.' If it wasn't for his gesture, I'd be gone today."

Shannon described Presser as "a hard working individual."

The Central States fund also is struggling with a tax problem that poses a major threat to its future. Charging the fund had been improperly managed, the Internal Revenue Service in late June revoked the fund's tax-exempt status retroactive to January, 1965.

Theoretically, the ruling may mean that the IRS won't allow employers to continue deducting expenses for pension contributions, that it will tax employes for contributions made by their employers, and that it will take a big tax bite out of the fund's already meager earnings.

The IRS, after negotiations with the fund's attorneys, agreed it would not apply the tax ruling on employers and employes until at least Aug. 31. But efforts to tax earlier earnings of the fund's assets may continue.

The ruling was based on a conclusion from IRS audits that the fund has not been operated for the "exclusive benefit" of employes, a strict requirement for maintaining tax-exempt status. In other words, the IRS seems to be supporting allegations the fund has been operated illegally for the benefit of Teamsters officials and their friends.

A settlement of the IRS charges probably will require the union to accept radical reforms, including possible changes in control of the fund, in its investment policies, and other practices that haven't benefited employees. The fund's trustees are fighting the ruling, charging it is "both legally and factually erroneous."

A negotiated settlement that would restore the "exclusive benefit" status is possible, but sources say the fund hasn't yet demonstrated a willingness to take the drastic steps necessary. In any event, it may be some time before the fund's muddy tax status is clarified.

SIXTEEN DECIDE WHERE THE MONEY GOES

The rich, powerful, and aggressive International Brotherhood of Teamsters is the country's largest and most controversial union.

It represents 2.3 million workers in jobs encompassing the spectrum of American life—from hospital maternity workers to funeral directors, from bubble gum manufacturers and airline clerks to teachers and policemen.

But the union's power base remains the trucking industry, where it consistently has won favorable wages and benefits for its members. Pension and health benefits usually are administered through funds organized by the union and supported by employer contributions.

The largest of about 200 Teamster pension funds is the huge Central States, Southeast, and Southwest Areas Pension Fund. It covers most of the country's truckers—about 480,000 active and retired workers.

Each week nearly 16,300 trucking firms set aside as much as $25 for each of their active employees to pay pensions, disability, and death benefits. The money pours into the coffers of the Central States fund at a rate of $34 million a month—more than $400 million a year.

Assets of the fund, established Feb. 1, 1955, exceed $1.4 billion, according to Daniel J. Shannon, executive director. It is the largest union-operated pension fund in the United States.

In the 12 months ended Jan. 31, 1975, the fund received $283.2 million in employer contributions (the contribution rate was lower in 1974) and had investment income of $51.2 million. It paid out $175.2 million in pension benefits that year. Income exceeded expenditures by $150.9 million.

The fund is run by 16 trustees who have final say on what is done with the money. Eight trustees are Teamster officials, including Frank E. Fitzsimmons, president of the international.

The other eight are executives of trucking companies. Critics have charged these men "rubber stamp" recommendations for fund loans to maintain cozy relationships with the union and to assure favored treatment in labor negotiations.

During the last two decades, the fund has weathered frequent attacks on its policy of making loans to risky real estate ventures, alleged kickbacks, excessive fee payments, and other improprieties. Critics say it has been used mainly to enhance the union's power and to enrich individual union officials and their "friends," including many with unsavory reputations.

In addition to Fitzsimmons, the other Teamsters trustees of the pension fund are William Presser, Cleveland; Roy L. Williams, Kansas City, Mo.; Odell Smith, Little Rock, Ark.; Robert Holmes, Detroit; Donald Peters, Chicago; Frank H. Ranney, Milwaukee; and Joseph Morgan, Dallas.

The employer representatives are Thomas J. Duffey, Milwaukee; Herman A. Lueking, Jr., St. Louis; Albert Matheson, Detroit; William J. Kennedy, St. Louis; Andrew Massa, Bridgeview, Ill.; Jack A. Sheetz, Dallas; John Spickerman, Atlanta; and Bernard S. Goldfarb, Cleveland.

[From the Chicago Tribune, Aug. 1, 1976]

TEAMSTER FUND GOOD TO DORFMAN; HE'S 'PROUD'

(NOTE.—This is their report in a five-part series written by Todd Fandell, Tribune financial reporter.)

A great many officials of the International Brotherhood of Teamsters have managed to earn a comfortable living through salaries, commissions, allowances, fees, and other forms of remuneration paid them by the pension and health and welfare insurance funds set up by the union ostensibly for the sole benefit of its members.

It's likely that no one has managed a more comfortable income from these funds than Allen Dorfman, whose personal financial machinations have been closely interwoven for years with the business dealings of such Teamster funds. These dealings have made Dorfman a millionaire many times over.

For example, in the last nine years Dorfman's companies have received $21.5 million in commissions and service fees from just one Teamster health and welfare fund, a Tribune investigation into the union's operations has discovered.

These payments are only a portion of the income Dorfman has derived over the years from various Teamster dealings, however. The intricacies of Dorfman's complex and farflung financial empire, in fact, would awe the chairman of the board of any giant corporate conglomerate.

The problems of running the empire, composed of insurance companies, condominium developments, resorts, and other assorted projects, frequently have kept him busy jetting between stops at homes he maintains in suburban Chicago, Wisconsin, Florida, California, and any one of several Las Vegas hotels financed with Teamster pension money.

All of this frequently draws attention to Dorfman, who Justice Department investigators say has been the second most powerful figure in the Teamsters for two decades, though he has rarely held any official position with the union.

Much of this attention has been in the form of unfavorable publicity, particularly since he was convicted in 1972 and served part of a one-year prison sentence for accepting a $55,000 kickback to arrange a loan from the Teamster Central States, Southeast, and Southwest Areas Pension funds.

Dorfman says he's sick of reading "all this crap in the press" about himself and the troubles of the Central States Fund. Because of a large number of questionable real estate loans on which it faces big losses and other charges, the fund is the subject of major federal government investigations into its affairs.

In an interview with two Tribune reporters—"The first one I've given in over 10 years," he says—Dorfman says he's proud of the investment record of the pension fund.

The fund has an investment portfolio that includes $900 million of outstanding loans to hotels, motels, gambling casinos, and other real estate ventures, many of doubtful value.

"The Teamsters are building for the American people," he boasts. "The American people are the beneficiaries of all these Teamsters loans."

Dorfman also insists the $1.4 billion pension fund has done a "magnificant job" for the nation's truck drivers. "It can stake its record against any fund in the country," he says. "Can you name one union or one employer that pays the pensions the Teamsters do?"

Dorfman's aggressive defense of the pension fund throughout the interview sounded somewhat strange for a man who insists he hasn't had anything to do with the pension fund for 3½ years. Throughout the session, he referred to the fund as "we," however.

The interview was conducted in Dorfman's luxurious office suite on the second floor of the 10-story Teamsters-owned office building at 8550 W. Bryn Mawr Ave.

The building houses the headquarters of the pension fund and the union's health and welfare fund, which have common trustees and the same executive director, Daniel J. Shannon, a one-time political protege of Mayor Daley.

It is the Central States Health and Welfare Fund that has paid Dorfman's companies the $21.5 million in the nine years ended Jan. 31, 1975, according to documents inspected by The Tribune. The records showed $3.2 million of the payments were commissions and the remaining $18.3 million were service fees.

Earlier this year, the fund became self insured and Dorfman's firms lost the commissions. However, his firms continue to receive service fees from the Teamsters.

When asked about these payments, Dorfman says he was shocked that they amounted to that much, but quickly defended them. "We've got 300 employes [in his insurance service companies] and the most sophisticated computer systems for processing claims in the U.S.," he says. "And the Teamsters are one of our bigger clients."

Dorfman was attacked for taking excessive commissions from the Teamster funds. The late Robert Kennedy, who headed a Senate rackets committee staff in the late 1950s, said the committee established that over an eight-year period Dorfman and his mother, Rose, a partner in the firm, had collected $1,650,000 in "excessive fees" from the union, all of it constituting a payoff to them from "money coming out of Teamster members' pockets."

After the Senate investigation, the Dorfmans lost the right to do business in the state of New York.

Dorfman got his start with the Teamster union when Jimmy Hoffa gave Dorfman's fledgling insurance company the Teamster health and welfare account in 1950, allegedly in return for Hoffa's introduction to important figures in the crime syndicate by Dorfman's father, federal officials said.

Hoffa, until his disappearance a year ago, had been a constant defender of Dorfman, despite many charges against him and his dealings with the union's welfare funds. In the interview, Dorfman refused to discuss Hoffa's disappearance.

While Hoffa ran the union, Dorfman was known as the No. 2 man in power in the Teamsters. He is said to have maintained that position under Frank E. Fitzsimmons, who succeeded to the presidency of the union after Hoffa went to prison in March, 1967. At the time, Hoffa was quoted as saying, "When Dorfman speaks, he speaks for me."

Dorfman was named a consultant to the Central States Pension Fund a few days after Hoffa went to prison for jury tampering. From then until late 1972 Dorfman processed all loans made by the $1.4 billion fund and was responsible for arranging many of the major loans still on the fund's books.

Although he told The Tribune he misses being involved with the fund, he insists he had had nothing to do with it in years. Shannon, the executive director of both the pension fund and the health and welfare fund, also told The Tribune that Dorfman's only role now is with the latter fund.

Yet Justice Department sources insist Dorfman continues to be the power behind the pension fund, too, calling all the shots on moves it makes.

The sources also told The Tribune that Dorfman has close ties with the crime syndicate. Terrorists Anthony "Tough Tony" Spilotro and Joseph "The Clown" Lombardo, both members of the old Felix "Milwaukee Phil" Alderisio gang, were codefendents last year with Dorfman in a trial in which they were accused of defrauding the Central States Pension Fund of $1.4 million in loans secured by an insolvent Deming, N.M., factory.

Another defendant was Irwin Welner, a Chicago bail bondsman and crime syndicate associate said by government sources to be "the brains behind Dorfman because he (Dorfman) isn't that smart." The defendants were acquitted. A key witness in the case was killed gangland style shortly before the trial began.

Of Spilotro and Lombardo, Dorfman told The Tribune: "I never met them until I walked in the courtroom and was arraigned. They seemed like two real nice guys. I don't know anything bad about them but what I read in the newspapers.

Of Wiener, a longtime associate of the Alderisio gang, Dorfman says: "I've known Iry Wiener all my life and if he is organized crime, then I'm the Pope."

Dorfman blames the government charges for causing the pensions fund's loss on the New Mexico plastic factory. "Had there not been interferences, they would have preserved the assets," he says. "They would have made a viable entity out of it. Instead all you media people did was harass them."

Discussing the 18 trustees of the Central States Pension Fund, the men who approve the fund's loans, Dorfman says: "I've worked alongside them. You couldn't find a more dedicated group of fellows. I don't know of any trustees up there who are fools."

He says "they are pretty astute businessmen and labor leaders" who would never intentionally make any bad loans. "Why do you want to fault them for helping in the progress of the nation?" he asks.

Several of the trustees are partners with Dorfman in various of his enterprises and two of them also were codefendants in the Deming fraud trial.

Continuing his defense of the pension fund, Dorfman insists he has done a fine job during his tenure as a $60,000-a-year consultant.

He says his role "was to preserve the pension fund's assets." Only $45 million of the fund's $900 million in real estate loans are delinquent, he says.

"Show me a major lending institution in this country which can show a loss factor as small as that," he says. "It's better than average for banks and insurance companies.

Dorfman became extremely defensive when told that his $45 million figure didn't include vast amounts of the pension fund's real estate loans which already have been restructured because their recipients could not meet repayment schedules.

"Wouldn't you rather rework a loan than foreclose?" he asks. The biggest lending institutes in the U.S. recast their loans or give moratoriums. Why do you want to fault bad loans made 10 years ago? Who was going to prejudge that a loan would go bad?"

FUND ILLS "GOOD" FOR LAWYERS

The Teamsters' Central States Pension Fund has been accused of paying excessive fees and commissions to those involved in arranging its real estate loans, which comprise about two-thirds of its $1.4 billion in assets.

Now many of those loans have gone bad and the pension fund is faced with the embarrassment of taking millions of dollars of losses on them.

But one thing seems certain: The lawyers and other agents retained by the pension fund to help resolve its bad loan problems are certain to do well for themselves in the process.

Two who already have are Thomas D. and James Flanagan, politically well-connected brothers who have been retained for the fund by its executive director, Daniel Shannon, a former member of the Daley Democratic machine.

The Flanagans' real estate and insurance firm, Heil and Heil Insurance Co., Evanston, once employed Mayor Daley's son, John, and later received nearly $3 million in insurance business from several government bodies under Daley's control.

Thomas Flanagan has an arrangement with the fund under which he is handling tax appeals on Teamster properties in return for a fee of 25% of the first year's tax saving on any reduction he wins for the pension fund, according to a spokesman for the fund.

Earlier this year, in a case involving the Canterbury Shopping Center in Markham, Flanagan apparently earned a fee of $33,750 for getting the shopping center's taxes reduced by $135,000. He won from the County Board of Tax Appeals a drop in the financially ailing center's assessed valuation of $1,284,199 from $2,399,625—a cut of more than $1.1 million from the 1975 assessment.

But the pension fund stands to lose at least $1.7 million on the property, which it now owns after being forced to foreclose last year on its mortgage loans to the center.

A second corporation involving James Flanagan, Terracom Development Inc., is attempting to sell the shopping center. With the property valued at $1.5 million according to an appraisal done for the pension fund last December, sale of the property could bring a fee of more than $100,000 at a 7% commission rate.

In an unrelated transaction handled by James Flanagan, Heil and Heil received a reported $25,000 commission on the sale last year by the Teamster fund of the Sheridan Plaza Hotel, 4607 N. Sheridan Rd. The commission amounted to more than 31% of the $80,000 sale price for the decrepit hotel, a rate considered unusually high by real estate experts.

According to records filed in Washington by the fund, James Flanagan, who is not a lawyer, also received a $35,000 "legal fee" in the year ended Jan. 31, 1975, from the fund. Officials of the fund said that payment must have been for court-ordered receivership fees for the Sheridan Plaza.

Court files indicate only that on June 30, 1975, Flanagan was paid a $12,500 fee for handling the hotel.

The Flanagan brothers couldn't be reached for comment on their fee arrangements.

The Canterbury Shopping Center offers a case study of the risks involved in shopping center loans. Because real estate loans in general are considered less secure than other investments, less than 2% of the assets of all pension funds in the United States are invested in real estate.

Yet the Teamster fund has put most of its money in real estate, much of it in the riskiest types of real estate.

Although Shannon, the fund's executive director, won't discuss the fund's loss on the property, The Tribune has pieced together the financial history of the project from land records and a copy of the appraisal ordered by Shannon from William McCann & Associates.

The pension fund gave Canterbury, located at 159th Street and Kedzie Avenue, two mortgage loans totalling $4.2 million—one for $3 million in 1960 and another for $1.2 million in 1963.

The pension fund foreclosed on the loans last December, still being owed $3,245,084 in unpaid principal, interest, property tax advances, and court costs. But the appraisal valued the property at only $1.5 million, less than half the Teamsters' remaining investment in it.

"The owners did not even attempt to negotiate a moratorium on principal or interest," said Thomas Flanagan in his tax appeal. "They felt this project was so helpless that they abandoned it by sending the leases and keys to the mortgage holder without any negotiation or warning," he said.

The shopping center's last owner apparently was U.S. Investment Fund, a Bahamas mutual fund. USIF was merged last year into Arlen Realty & Development Corp., New York City.

A spokesman for Arlen said his company had never taken over the Canterbury Shopping Center when it acquired USIF, however. "We looked it over and decided not to take it over because the taxes were too high to make it worthwhile," he said. "We gave the property back to the mortgage holders [the Teamsters' pension fund]."

The McCann appraisal concluded the shopping center's "economic viability" ap-

pears to be limited "for the near future." It cited a high vacancy rate in the center and surrounding area and the location nearby of three more modern, enclosed-mall shopping centers. Canterbury doesn't have an enclosed mall.

The appraisal also noted that "real estate values [in Markham] are static to declining due in part to the concentration of economically disadvantaged persons in the community."

Terms of the loans on the property were modified and final payment schedules extended in May, 1968, indicating the pension fund had ample warning of the center's troubles long before it defaulted.

Shannon acknowledged the undesirability of the pension fund's past concentration on real estate loans. He said he would like to diversify its assets to reduce real estate investments to 50 per cent.

But the difficulties it is experiencing in trying to get out of all its bad loan situations will hamper such efforts.

PITTSBURGH MAYOR FLAHERTY, CLOTHING WORKERS' SAMUEL TESTIFY ON YOUTH UNEMPLOYMENT

Mr. HUMPHREY. Mr. President, last Thursday, September 9, the Joint Economic Committee held a day of hearings on the problem of youth unemployment. The purpose of the hearing was to look into the causes and effects of high unemployment among our Nation's young people, and to develop some new ideas on what could be done at the Federal, State, and local levels, using both the private and public sectors, to create the millions of jobs our young people need and to improve the job counseling and placement services available to them.

Two of the witnesses who appeared at this hearing to discuss what could be done to help our young people were the Honorable Pete Flaherty, mayor of Pittsburgh, and Mr. Howard Samuel, vice president of the Amalgamated Clothing and Textile Workers Union, AFL–CIO.

Mayor Flaherty has an intimate day-to-day knowledge of the problem high unemployment causes for young workers, especially in the innercity. His testimony provided some valuable suggestions for improvements in Federal policy. Mayor Flaherty said:

As Mayor of one of America's greatest cities, I have seen the human dislocation and suffering that a 40 percent unemployment rate connotes. Because of these experiences, I am concerned that for too long we have only dwelled upon the surface effects of youth unemployment and prescribed costly patent medicines for its cure.

Mayor Flaherty, in his opening statement, was concerned that we have allowed our Nation's educational system to become too removed from the vocational needs of our youths, and that we have too often resorted to costly programs that have become institutionalized and ineffective.

Mayor Flaherty said:

We must be careful that in advocating new programs we don't provide the excuse for allowing poorly functioning structures to escape change. . . . I am convinced that much of the funds needed to get our institutions revitalized are already being poured into redundant and obsolete programs.

I feel that students, taxpayers, workers, consumers, and employers—we are all of them and they are all of us—are discouraged with our institutions. Things just don't seem to work and yet they are bigger, more complex, and more costly than ever. Young people have always been the vanguard for change. High youth unemployment rates are a symptom of a larger problem.

We must change and make our systems work. We must not allow young people to opt out of the community and leave the mainstream. We must begin to shift the mainstream itself to encompass them. We can no longer be satisfied to buy peace and more time. We cannot live in two worlds—the old, tired world of platitudes and interest group trade-offs; and the young, dissatisfied, disillusioned world of idleness and destructiveness.

Among his suggestions, Mayor Flaherty urged that we expand efforts to combine work and education through cooperative educational and vocational programs, and that we develop greater incentives for employers to hire and train young workers through on-the-job training, job restructuring, job sharing, and continuing education programs for young workers.

Mr. Howard Samuel, who is secretary of the National Committee on Full Employment as well as a vice president of the Amalgamated Clothing and Textile Workers Union, AFL–CIO, emphasized in his statement before the JEC that solving, job restructuring, job sharing, and dependent on the Nation's economy reaching full employment among adults, and that lowering the minimum wage for youth will not help appreciably.

In his statement, Mr. Samuel said:

In the first place, it is obvious that the problem will not and cannot be solved unless and until the nation can solve the problem of unemployment generally. It is not possible to create jobs for those least educated, those most disadvantaged, those without adequate experience and skills, when millions of others with more education and experience and skills are also unemployed. Approaching a full employment economy will not solve all of the youth unemployment problem, but without a reasonable approximation of full employment, there is no way to solve it.

There is no proof that lower wages will have much effect on teenage unemployment. Certainly the opposite has not had any effect. Presumably if a lower minimum wage would be helpful, it should follow that a high minimum wage is damaging. But such is not the case.

Lower wages for youth would not create additional jobs, but could lead to displacement of older workers, largely heads of families. And that is one way we should not solve the problem of youth unemployment.

Furthermore, low wage jobs are an invitation to low productivity, to inefficiency, and eventually to inflation. With low wage jobs, employers have no incentive to rationalize inefficient jobs and generate productivity gains.

Mr. President, the prepared statements of these two witnesses are rich in insights and suggestions concerning youth unemployment and how to solve it, and I ask unanimous consent that their prepared statements be printed in the RECORD.

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

STATEMENT OF MAYOR PETE FLAHERTY OF PITTSBURGH BEFORE THE JOINT ECONOMIC COMMITTEE—SEPTEMBER 9, 1976

Thank you for the opportunity to discuss the youth unemployment situation.

I feel that forums like this are extremely important if we are to gain an appreciation for the complexity of this problem.

Certainly, everyone in this room is well aware of the alarming rates of unemployment for workers under 25 years of age, particularly among those in this age group who are black and living in urban areas.

The magnitude of these figures alone suggests to me that their causes run far deeper than just a shortage of job opportunities for young people.

As Mayor of one of America's greatest cities, I have seen the human dislocation and suffering that a 40% unemployment rate connotes. Because of these experiences, I am concerned that for too long we have only dwelled upon the surface effects of youth unemployment and prescribed costly patent medicines for its cure. I am concerned that for too long we have failed to take a hard look at the facts.

I do not think that we can continue to make the assumption that our basic educational and employment institutions are sound and all that we need are a few extra programs to supplement them. We have pursued this course in the past and have watched supplemental programs become institutionalized into a patchwork of government activities.

I think that times have changed but our institutions have only become bigger. Specialization rather than relevance has unfortunately been their emphasis.

Thirty or forty years ago graduating from school and being able to get a job that would last until retirement was thought to be very desirable—it represented job security. Today, taking a young person out of school and standing them before that same lathe with the realization that this is what their work life will be like for the next twenty-five years is a shattering experience.

Similarly, when I reflect on my experiences in school and then observe those of my children and their friends, I can see enormous shifts in attitudes and aspirations.

The populations of our cities and their values, their expectations and their needs have changed dramatically over the years in both school and the workplace. Have our educational institutions, employers, and labor organizations adequately recognized and adjusted to these changes?

I feel we are spending too much time talking about how to better relate schooling to employment without talking enough about relating both school and work to people—young and old.

Certainly, this economy still has far too much slack and the recovery has yet to produce an acceptable reduction in unemployment. But if we are ever to have full employment without inflation, the focus of that search must be in developing higher levels of productivity for people who are unemployed or unemployable today.

Given the nature of their schooling and the traditional types of jobs currently being offered, it is unlikely that many of our unemployed young people can be put to work productively. We then face the prospect of government potentially subsidizing the employment of young people poorly equipped for work, in jobs unsuited to their expectations.

This is why our assumptions of sound education and employment institutions must be re-examined.

We must put our existing resources to better use before creating new programs. We must improve what exists before expanding it. We must be careful that in advocating new programs we don't provide the excuse for allowing poorly functioning structures to escape change.

Public resources are too scarce for such extravangance. At the municipal level we have already witnessed the limits of government. In Pittsburgh, however, you will

find evidence of how we dramatically raised the level of municipal services with improvements in productivity. At the same time, a lower level of taxation exists today than when I took office 6½ years ago.

I am convinced that much of the funds needed to get our institutions revitalized are already being poured into redundant and obsolete programs. I am also convinced that the costs of hiring younger workers—in terms of turnover, absenteeism, low productivity, etc.—have already become so great that private employers can easily afford to fund their own efforts to restructure work patterns so that young people can be profitably employed.

I am also convinced that parents can no longer view schools as custodial institutions and leave the education of their children to the "experts". We desperately need to restore the participation and involvement of parents in education. School cannot be held responsible for children—strong families and a sense of community must be rediscovered and reintroduced to the educational system.

In formulating recommendations for the Committee, I recognize that it is a great deal harder to talk about how to change institutions than it is to propose bright new programs. In many cases the problems young people face in finding and holding jobs are not far removed from those faced by other workers who dissatisfaction with work in general is manifested by alcoholism, absenteeism, grievances, and other white and blue collar "blues" syndromes.

I would like to see more discussion of the nature of work and the nature of education—where does one begin and the other end, if at all?

How can work itself be viewed as a long-term educational process, involving both classroom and on-the-job aspects, which will ultimately lead to the attainment of goals jointly established by the employer and the employee?

How can work be adapted to the values and aspirations of young people so that we not only educate people for jobs, but restructure jobs to fit people? How can this be accomplished by private employers so that younger workers can achieve higher productivity levels and be profitably employed without government subsidies?

How can our school systems be better integrated into the fabric of our communities and brought into more direct contact with parents, employers, and labor organizations?

How can the educational process be made more democratic for our young people without completely abandoning control of our schools at the same time? How can we help students develop meaningful goals and give them the tools to design their own long-range programs to meet them?

How can we reintroduce education to the workplace and vice versa so that workers do not feel trapped in their jobs or fail to understand their need for knowledge?

How can our strong labor unions participate in improving both the quality of work and education?

How can we translate the insights we have gained from innovative Job Corps Programs into institutional changes? What have we learned from our experiences under CETA that would be applicable?

I think these are very difficult questions, but in searching for ways to make things better rather than new, we can strike a chord in our society that could inspire people to respond. I feel that students, taxpayers, workers, consumers, and employers—we are all of them and they are all us—are discouraged with our institutions. Things just don't seem to work and yet they are bigger, more complex, and more costly than ever. Young people have always been the vanguard for change. High youth unemployment rates are a symptom of a larger problem.

We must change and make our systems work. We must not allow young people to opt out of the community and leave the mainstream. We must begin to shift the mainstream itself to encompass them. We can no longer be satisfied to buy peace and more time. We cannot live in two worlds—the old, tired world of platitudes and interest group trade-offs; and the young, dissatisfied, disillusioned world of idleness and destructiveness.

I would suggest the Committee consider:

(1) Requirements be built into federal education programs to mandate greater opportunity for parents, employers and labor unions to have a role in the planning and implementation of education programs.

(2) Expand efforts to combine work and education through cooperative educational and vocational programs.

(3) Develop greater opportunities and incentives for employers to hire and train young workers through on-the-job training, job restructuring, job sharing, and continuing education programs for young workers.

(4) Explore the possibility of offering incentives to youth to continue their education.

(5) Offer employers and unions the opportunity to develop career planning and development programs for their younger workers and members.

These are but a few suggestions that the Committee may wish to explore in formulating its recommendations.

Action is needed quickly to meet the growing dissatisfaction being caused by high youth unemployment and I look forward to working with you in meeting this important problem.

TESTIMONY OF HOWARD D. SAMUEL, BEFORE THE JOINT ECONOMIC COMMITTEE'S HEARING ON YOUTH UNEMPLOYMENT

My name is Howard D. Samuel, and I am testifying today in behalf of Murray H. Finley, co-chairperson of the National Committee on Full Employment and the Full Employment Action Council, and president of the Amalgamated Clothing and Textile Workers Union, AFL–CIO. I am here hopeful I can represent Mr. Finley responsibly and accurately, since I am secretary of the National Committee on Full Employment as well as vice president of ACTWU.

For the record, may I take a moment to describe the National Committee on Full Employment. It is a voluntary organization representing a number of people and organizations in such fields as labor and business, civil rights and religion, academia and public service, who are committed to the principle that full employment is a number one domestic priority of this nation. The Committee, during its two and a half years of existence, has sponsored several conferences, published educational materials, promoted research, and worked closely with a myriad other groups to develop a greater awareness of the need for a full employment economy.

The Full Employment Action Council shares the same leadership and many of the same Board members, but is a legislative action group, and has dedicated itself to supporting the Humphrey-Hawkins Full Employment and Balanced Growth Act of 1976, as well as other measures which would bring a full employment economy closer to reality.

Let me also take a moment to describe the Amalgamated Clothing and Textile Workers Union, since both Mr. Finley and I are officers of the union and this testimony unavoidably reflects the policies established by the union and by the AFL–CIO with which we are affiliated. The ACTWU was formed just three months ago through the merger of the Amalgamated Clothing Workers of America, founded in 1914, and the Textile Workers Union of America, founded in 1937. Both unions had been close historically and both share a common desire to improve the conditions of our membership as well as the quality of life in our communities. Our membership of 510,000 work in a variety of industries in the men's and boys' apparel and the textile fields. These industries, it is useful to note, employ an exceptionally large number of women and members of minority groups, many of whom can successfully obtain jobs in our industry with minimal entry-level skills. This fact has some relevance to the subject under discussion today.

In respect to the problem of unemployment among young people, first let us look at the scope of the problem. In summary, at the peak of the current period of general unemployment, which occurred during the second quarter of 1975, when the general unemployment rate was 8.9%, teen-age unemployment (16–19) was 20.5%, and unemployment among young adults (20–24) was 14.1%. Since unemployment in the age groups above was only 6.5%, it is clear that the unemployment levels in the first eight years of working life caused a disproportionate amount of the unemployment in the entire population.

All of these figures, incidentally, come from the standard BLS reports, and do not account for the large numbers of people who have dropped out of the labor force entirely—the so-called discouraged worker—or those who are working part-time but who, if a full-time job were available, would work full-time. If these numbers were included for the age group 16–24, the total unemployment rate, instead of 17.5% would have been closer to 25% during the second quarter of 1975.

We are all aware that in analyzing unemployment among young people, a disproportionate burden is felt by members of minority groups. During the same time period, when teen-agers suffered a 20.5% unemployment rate, black teen-agers were at a 37.8% level.

When young adults were at a 14.1% rate, black young adults were at a 22.7% rate.

The phenomenon of black youth unemployment has continued to rise over the years, and continues to this very day, despite some modest and perhaps temporary improvement since the low point in 1975. Here are the figures:

Unemployment among teen-agers

[In percent]

	Blacks	Whites
1955	15.8	10.3
1965	26.2	13.4
1973	30.2	12.6
1976 (June)	40.3	16.1

It would be useful to note a couple of other characteristics of youth unemployment. It is common belief that the major reason for youth unemployment is that young people are forever skipping around from job to job, or from job to school and back again, testing the water of the job market. But Herbert Bienstock, Regional Commissioner of Labor Statistics (Middle Atlantic Region), points out that about 40% of the unemployment of youth was caused by involuntary loss of job, almost doubling between 1973 and the recession of 1975.

The other factor, not so surprising, is the effect of education on unemployment rates. In the young adult group (20–24), in the 1975 period, unemployment for college graduates was 6.3%, for high school graduates, 15.6%, and for high school drop-outs, 25.9%.

These facts suggest certain basic principles which should be established as criteria prior to devising programs to improve employment rates among young people.

In the first place, it is obvious that the problem will not and cannot be solved unless and until the nation can solve the problem of unemployment generally. It is not possible to create jobs for those least educated, those most disadvantaged, those without adequate experience and skills, when millions of others with more education and experience and skills are also unemployed. Approaching a full employment economy will not solve all of the youth unemployment problem, but without a reasonable approximation of full employment, there is no way to solve it. We found this out in the 1960s and 1970s, when despite spending billions of dollars on manpower training, we made only a modest dent in unemployment levels for the disadvantaged, including youth. Throwing money at some problems, contrary to some current commentators, does help solve them, but spending money to train people when there are inadequtae jobs for them at the end of the training period is a recipe for frustration for trainees and trainers alike.

Secondly, instead of looking for ways to get teenagers into the work force, we should spend more time and money looking for ways to get them back to school. Some young people drop out because they have to support their families. Some kind of family support should be devised to enable them to continue their education to the ultimate level they can handle. Some drop out because of boredom, finding that traditional schooling doesn't meet their needs. There should be more help to school systems to encourage them to devise alternate educational schemes. At the present time we are spending most of our money in this field to provide temporary, low-skill jobs. The money is actually income maintenance. Training for real jobs, must depend first on an economy which has jobs to offer, and secondly on real education, which provides the needed foundation which job training can refine into marketable skills.

Thirdly, let me refer again to our own industry, textile-apparel. In the manufacturing field, we offer more jobs than any other industry, and as I noted before, most of them require low-entry level skills. One would think that the government would regard these job opportunities—almost 2½ million all told—as valuable ammunition in the war on youth unemployment, and would treat these industries with tender, loving care. Unfortunately, such is not the case. The industry has been steadily losing production and jobs, largely because of rising levels of imports. Our government has had enough regard for these jobs to have instituted, a number of years ago, a program of international negotiations to govern imports of textiles and apparel. But over the years the level of protection afforded these jobs has slowly eroded, until today the ceilings imposed are so high that they have only modest effect. There are other industries like ours, such as shoes, handbags, consumer electronics, furniture and others, which have suffered similar job losses.

The young person walking along the street with a portable radio from Hong Kong dangling from his hand is not working because so many jobs in the electronics industry have been exported. Is it worth it—to him, or to the nation?

Finally, there is the question of wage levels. A number of proposals have surfaced which would claim to solve the youth job problem by putting young people to work at low wages—anything, it seems, to wedge them into the labor force. I have a number of objections to this theory.

First, there is no proof that lower wages will have much effect on teen-age employment. Certainly the opposite has not had any effect. Presumably if a lover minimum wage would be helpful, it should follow that a high minimum wage is damaging. But such is not the case. A Labor Department study in 1970 concluded, after studying the effects of several rises in the minimum wage, that "it was difficult to prove any direct relationship between minimum wages and employment effects on young workers."

Lower wages for youth would not create additional jobs, but could lead to displacement of older workers, largely heads of families. And that is one way we should not solve the problem of youth unemployment.

Furthermore, low wage jobs are an invitation to low productivity, to inefficiency, and eventually to inflation. With low wage jobs, employers have no incentive to rationalize inefficient jobs and generate productivity gains. We have seen this occur again and again in our history, each time a new wave of unskilled or disadvantaged workers have come into the labor force. It's being said today about illegal aliens: "they are only taking jobs which American workers wouldn't take anyway." It is probably said during each earlier wave of legal migration going back more than 100 years. And it has never been true. A ready supply of "cheap" labor cheapens jobs and removes the motivation to strive for productivity improvements. I saw it myself a few years ago in a garment factory in Hong Kong, where the machinery was antiquated and in poor repair. The owner told me it was not worth it to improve his machinery because the labor was so cheap.

In the United States, that's a recipe for industrial disaster and economic chaos.

There are other reasons for opposing specially low wage levels for youth. Many young people are obliged to help support their families. Paying them inadequate wages simply adds to the welfare burden—and nothing is more inflationary than using government money to pay people without any corresponding increase in goods and services.

Finally, paying low wages probably won't even attract young people into jobs. The cause of youth unemployment, as has been pointed out, is a combination of lack of experience, lack of adequate training, and discrimination. Trying to entice young people into the labor force on the basis of low wages—particularly without meeting the other problems—would be counter-productive. Young people are not going to flock to the labor market in search of low-wage, low-skill, dead-end jobs. The jobs have to carry with them some measure of self-esteem and future hope, and those factors are not components of low-wage jobs.

RUSSELL J. CAMERON

Mr. HANSEN. Mr. President, the sudden and serious illness of Russell J. Cameron comes as a shock to all who know and admire him.

In the prime of life, Russ Cameron had made frequent trips from his home in Denver to Washington as an adviser on energy matters and as one of the most knowledgeable witnesses in hearings on energy legislation.

He has been particularly helpful to the Committee on Interior and Insular Affairs in helping formulate legislation on development of natural resources.

He is an expert in the area of reclamation of surface-mined land, in oil shale, and coal gasification technology and has been most helpful in the general area of commercial development of a synfuels industry.

Russ Cameron long ago recognized the need for alternate fuels to supplement and eventually replace a dwindling base of domestically produced oil and gas. He knew the dangers inherent in overdependence on foreign sources of oil and gas and the vital need of a comprehensive energy policy.

The Nation has benefited greatly from his expertise in a field that has been too long neglected and will owe Russ Cameron a debt of gratitude when synfuels begin restoring the security we can attain only through energy self-sufficiency.

Mr. President, I join Russ Cameron's many other friends and admirers in a wish and prayer for his recovery. As others have said of him, he is a steadfast fighter of great courage and conviction who is widely respected by those of us in these Halls of Congress who know him.

I shall also print in the RECORD a resolution by the Rocky Mountain Oil and Gas Association to Russ Cameron for a speedy recovery and a timely return to the performance of his greatly appreciated service. I ask unanimous consent that the resolution be printed in the RECORD.

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

ROCKY MOUNTAIN OIL AND GAS ASSOCIATION

RESOLUTION

Whereas; the greatest service one may provide his fellow man is to devote his time and effort of the enrichment and advancement of the general community; AND

Whereas; this vital task has been courageously and unselfishly performed for many years by Mr. Russell J. Cameron; AND

Whereas; in particular, Russ Cameron is a pioneer who continues to urge the development of alternative energy sources essential to a future strong American economy; AND

Whereas; he brings great candor, intelligence, integrity and personal vigor to this life-long endeavor; AND

Whereas; we are saddened to learn that Russ is now engaged in a difficult battle with an untimely illness; now therefore, be it

Resolved, That the Rocky Mountain Oil and Gas Association, in behalf of all people of the Rocky Mountain region, does bestow our best wishes to Russ Cameron for a speedy recovery and a timely return to the performance of his greatly appreciated service.

RUSSELL J. CAMERON

Mr. FANNIN. Mr. President, I join my colleague from Wyoming (Mr. HANSEN) in a tribute to a great American.

Russ Cameron has pioneered in the development of the natural resources with which our Nation is so bountifully blessed and which can mean the difference between economic growth or stagnation.

We need his great knowledge and expertise as we enter the threshold of development of a synfuels industry and I prav for his full and speedy recovery.

Mr. Cameron, a native of Austin, Tex., grew up in the excitement surrounding the great oil and gas discoveries in his home State. He attended the University of Texas from 1938 to 1942 and was graduated with a degree in chemical engineering.

Early on he was intrigued with the manipulative physical and chemical potential of hydrocarbons. During World War II he pursued the mysteries of syn-

thetic rubber and was a member of the Phillips Petroleum Co. group which developed "cold" rubber.

In 1948 his interest turned to the oil, gas, and chemical feedstock bases to be found in oil shale. He joined the U.S. Bureau of Mines Oil Shale Experiment Station at Anvil Points near Rifle, Colo. The achievements there have become a foundation for progress in oil shale mining and processing throughout the world. Mr. Cameron worked as chief of planning and evaluation and supervisor of process development.

When the experiment station was closed in 1955 he cofounded the predecessor firm of Cameron Engineers, Inc., in Denver, Colo. Refusing to abandon the great promise of 4 trillion barrels of oil in the shales of Colorado, Utah, and Wyoming, Cameron worked to build what has become an international awareness of the versatile energy riches not only in oil shale but from coal, tar sands, and oil sands as well.

Mr. Cameron's interest in synthetic fuels has not been limited by geography. As an invited dignitary or as an inquiring researcher/businessman he has visited the oil shale country of the Soviet Union, Estonia, Jordan, Lebanon, Great Britain, Brazil, and Australia. He has a firsthand acquaintanceship with West German brown coal mining and processing.

The Brazilian Government responded 20 years ago to his zeal and expertise. Today, Brazil is operating an oil shale facility larger than any in the United States. It announced earlier this year it will forge ahead with its own multihundred million dollar commercial scale oil shale complex to diminish its reliance on foreign oil.

Repeatedly American and foreign industry, local, State, and National Governments, universities and trade organizations have relied upon Mr. Cameron's expertise, perspective, and vision in efforts to resolve the puzzles of nature, the challenges of technology, and intrigue of economics pertinent to synthetic fuels.

Mr. Cameron, through his own intense enthusiasm and the performance of his firm, now in its 21st year of offering resource evaluation, development, and analysis; management services, process design, mining design, and consulting services on synthetic fuels and associated resources, has succeeded in creating an international interest in alternate energy sources.

The information gained in research, travel, and resource investigation led him to writing a quarterly report on oil shale and related fuels. That modest effort has become the basis for worldwide dissemination of Cameron Engineers reports, maps, books, and information services.

His stature as a professional is reflected in his service as first vice chairman, Synthetic Liquid Fuels Panel, World Petroleum Congress, Tokyo, 1975; chairman of the Synthetic Fuels Symposium of the National Meeting of the American Institute of Chemical Engineers, 1973; 1973; vice chairman of the First World Oil Shale Symposium at Tallinn, Estonia, U.S.S.R., 1969; and a multitude of industry and governmental panels including the Regional Export Expansion Council of the U.S. Department of Commerce; the General Technical Advisory Committee of the Office of Coal Research, U.S. Department of the Interior; special advisor to the Administrator during the creation and organization of the Federal Energy Administration; the governor of Colorado's Oil Shale Advisory Committee; a past chairman of the Rocky Mountain Regional Export Expansion Council; member of the U.S. Trade and Industrial Development Mission to the Philippines.

He is a member of several professional organizations including the American Institute of Chemical Engineers, American Chemical Society, American Institute of Mining Engineers, and is a member and former director of the Colorado Mining Association.

Mr. Cameron is the author of numerous technical and general information papers. He is the founder of Synthetic Fuels Information Reporting Service. He is the holder and coholder of several patents pertaining to synthetic fuels processing.

Many times Mr. Cameron had appeared before various committees of this and previous Congresses to share his broad experience and wisdom. We have found him to be a courteous, responsive, exceptionally helpful gentleman deeply concerned about the Nation's energy/economic health.

This tribute is offered in recognition of Mr. Cameron's service to the Congress of the United States, which extends its best wishes for his rapid return to health, strength, and participation in energy affairs.

COSPONSOR OF THE MEDICARE AND MEDICAID ANTIFRAUD AMENDMENTS

Mr. MOSS. Mr. President, it is with a sense of urgency that I join Senator TALMADGE in sponsoring the medicare and medicaid antifraud amendments.

Medicare and medicaid were enacted in 1965 to make health care available to those who needed treatment the most, but could afford it the least. Over the years many aged, disabled, blind, and low-income persons have received quality care—care which would not otherwise be available to them.

Many dedicated doctors, nurses, and other health care personnel have provided exceptional service to medicare and medicaid patients. But some unscrupulous individuals have also participated in the programs, determined to profit from the misery of others. These individuals have seriously undermined our Nation's effort to provide quality care for persons who may not otherwise be able to obtain necessary treatment.

They have contributed little or nothing, except to increase medicare and medicaid costs substantially. Our Nation cannot afford this waste, especially now when there is an urgent need to reduce unnecessary Federal expenditures.

The Committee on Aging's Subcommittee on Long-Term Care, of which I am chairman, has conducted numerous hearings, beginning in 1969, concerning fraud and abuse in the nursing home field. All in all, we have held 27 hearings. At every juncture we have uncovered clear, convincing, and substantial evidence of fraud and abuse.

Last September, joint hearings were held by the Subcommittee on Long-Term Care and the Subcommittee on Health of the Elderly, chaired by Senator EDMUND S. MUSKIE. At this hearing we examined fraud and abuse by other medicare or medicaid practitioners associated in one way or another with long-term care. We learned about the excesses of factoring companies, the problems associated with hospitals catering to welfare patients and possible kickbacks among clinical laboratories.

In October, hearings were held on possible abuse of the medicaid program by for-profit home health agencies.

In December, hearings were held on conditions in Kane Hospital, a 2,200-bed facility in Allegheny County, Pa., which disclosed widespread patient abuse and mismanagement of public funds.

In September and again in March, we held hearings on the growing trend to dump patients from State mental hospitals into boarding homes. We examined the poor care in boarding homes and the associated ripoff of the supplemental security income program.

Last February, we released our report dealing with fraud and abuse among clinical laboratories. In that investigation, conducted jointly with Chicago's Better Government Association, we learned that perhaps $1 out of every $5 paid for laboratory services is ripped off.

Since that time, we have evaluated the performance of medicare's program integrity unit in a forthcoming report dealing with practitioner abuse. We have completed followup investigations into clinical laboratory, home health, pharmacy, and nursing home abuses. The results of these investigations have been given to the General Accounting Office or other Federal and State authorities because we simply do not have the manpower to follow through properly on each one of these efforts.

We expect to receive four reports from the General Accounting Office concerning the handling of patients' funds in nursing homes, the required supplementation of medicaid money by families placing patients in nursing homes, a financial audit of Kane Hospital and a closer look at the practices of factoring firms.

In an effort to examine fraud and abuse among practitioners in the medicaid program we started with a list of doctors making more than $100,000 a year from the program. We soon learned that most of these practitioners worked out of medicaid mills, small privately owned welfare clinics in the ghettos of our major cities. We decided to examine those facilities more closely. In the course of our clinical laboratory investigation we learned a great deal about their operations. To obtain a more in-depth view we examined the problem from three perspectives: patient, provider and Government.

We learned the Government's point of view by interviewing local, State, and Federal officials, and reading reports de-

tailing program deficiencies. We learned the provider's point of view by interviewing doctors, by posing as businessmen buying medicaid mills. We learned about the quality of care in medicaid mills by posing as patients, making about 200 visits to clinics in four States.

When I heard from the staff about the blatant overutilization, unnecessary testing, the "ping-ponging," and illegal referring of patients to particular pharmacies, I decided to go to New York to see things for myself.

I put on the oldest clothes I could find and posed as a patient. The Federal District Attorney in New York obtained a valid medicaid card in my name. I then made several visits to medicaid mills and discovered much.

If you are not sick, you would not be told you are not sick. If you are sick, the odds are you would not be helped. In the last analysis, the best description is one given by a mill owner who said:

> Medicaid isn't medicine, it's business. Curing patients is good medicine but bad business.

I want to tell you that after this firsthand personal experience, I am outraged. I am angry that the money appropriated for the care of the aged, blind and disabled is going to line the pockets of a few businessmen and real estate operators. I am angry that we still have a duel medical system which provides one standard of care for the rich or comfortable and another for the poor. I am angry that so much of the taxpayers' hard-earned dollars are lost because of fraud and abuse. There are millions of people in my home State of Utah and across the Nation who work too hard for their money to be able to stomach the fraud and abuse. This is evident to anyone who subjects the medicaid program to the slightest scrutiny.

I am not talking just about medicaid mills. I am talking about the fraud and abuse we have discovered in nursing homes. I am talking about the recent disclosures of fraud and abuse in prepaid health plans. I am talking about the rip-offs among some for-profit home health agencies and hospitals that specialize in welfare patients. I am talking about clinical laboratories. And I am talking about moving patients from State hospitals to nursing homes and boarding homes to take advantage of medicare and SSI.

The day is long past when we can tolerate the poor care and obvious fraud, waste, and abuse that exists in the medicaid program. It is time for an overhaul. The enactment of this bill would do much to reduce the festering problems with which we have been grappling for too many years.

I support this bill because it would:

Establish a central fraud and abuse unit within the Department of Health, Education, and Welfare to provide investigative support to Federal and State prosecutors.

Make fraudulent acts under medicare and medicaid a felony punishable by up to 5 years' imprisonment and a $10,000 fine, instead of only a misdemeanor.

Ban the use of factors, a practice that has often brought loan sharks into the medicaid program.

Require ownership disclosures and auditing provisions, both of which are needed to prevent overbillings, kickbacks, and rebates.

Extend the professional standards review organizations review functions to include ambulatory care facilities, such as the medicaid mills which the subcommittee investigated in several States.

Medicare and medicaid were designed to help those in need of medical care. But both programs—especially medicaid—are being defrauded by unscrupulous profiteers. Major action is needed to remove the cancerous growth of fraud and abuse.

The medicare and medicaid antifraud amendments would be an important step in achieving this goal.

For these reasons, I reaffirm my support for prompt and favorable action on this legislation.

MAO TSE-TUNG

Mr. HUMPHREY. Mr. President, Chairman Mao Tse-tung was one of the powerful figures of our time. He combined the qualities of scholar, soldier, statesman, and patriot in leading his nation from the caves of Yenan to the first rank of world power. In so doing, he lifted the misery which had so long afflicted his people and restored their pride.

Despite our ideological differences, we recognize his greatness. Americans everywhere should join the Chinese people in mourning the passing of this remarkable man, whose humble motto, "Serve the people," should inspire us all.

PERILOUS AIRPORT LAXITY

Mr. HUDDLESTON. Mr. President, the hijacking of the TWA flight last weekend only serves to remind us that we can never, for even a moment, relax our vigilance against terrorism and those who use unacceptable means of seeking to espouse their views at the expense of innocent persons.

Improved security procedures in this Nation during the past few years had resulted in discouraging hijackings. Indeed, there had not been a successful attempt in this country since November 1972. Unfortunately, however, new means of protection often only breed new ways of attack. For the cunning, there is always a way around the latest obstacle placed in their path. For this reason, we must constantly be alert to the need for better, more comprehensive security measures at our Nation's airports.

And, we must move ahead with efforts to create a binding procedure among nations for dealing with hijack situations. No one is safe; no place is safe unless the nations of the world are willing to work together to insure that security procedures are sufficient and sanctions severe enough to deter those who are so willing to play games with the lives of others.

I recently cosponsored the resolution introduced by the distinguished Senator from New York (Mr. JAVITS) urging the President to terminate air service to those nations which refuse to cooperate in dealing with terrorists and to review other policies which might be useful in thwarting terrorist activities. I offered an amendment to the Export Administration Act expressing the policy of the United States to use export controls as a means of effecting greater cooperation in dealing with terrorists. The New York Times carried an editorial this morning suggesting other efforts that should be undertaken.

In summary, the events of this past weekend have reinforced the fact that both constantly reassessed security procedures and continuing international cooperation are necessary in dealing with hijacking. I believe it imperative that we pursue both avenues of action.

Mr. President, I ask unanimous consent that the editorial from this morning's New York Times be printed in the RECORD.

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

PERILOUS AIRPORT LAXITY

> There is great relief that the passengers and crew of the hijacked Trans World Airlines jet survived their 60-hour ordeal as hostages without injury and great satisfaction that the Croatian nationalists who perpetrated the outrage have been flown back from Paris to New York for prompt arraignment. The terrorists are certain to face stern justice on several counts, including the charge of murder for the death of a New York police officer in the explosion of a bomb they planted.
>
> It is now imperative that authorities make every effort to find out how the Croatians managed to smuggle aboard the airliner at La Guardia Airport an arsenal that evidently included handguns and grenades as well as bombs. T.W.A. spokesmen say the usual rigorous passenger security checks were in place and functioning. But Federal investigators believe the weapons may have been planted on the aircraft before the passengers boarded. If true, this would reflect a criminal lapse in airport security.
>
> As Federal Aviation Administration officials point out, this is the first successful hijack in the United States since stringent security measures were adopted at the nation's airports four years ago. If security devices cannot detect certain explosives such as plastic bombs, the public has the right to know it. But it would be inexcusable if this hijacking succeeded because an excellent four-year American record had induced a more relaxed attitude in airport security officials.

PROPOSED ARMS SALE

Mr. SPARKMAN. Mr. President, section 36(b) of the Arms Export Control Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $25 million or, in the case of major defense equipment as defined in the act, those in excess of $7 million. Upon such notification, the Congress has 30 calendar days during which the sale may be prohibited by means of a concurrent resolution. The provision stipulates that, in the Senate, the notification of proposed sale shall be sent to the chairman of the Foreign Relations Committee.

In keeping with my intention to see that such information is immediately available to the full Senate, I ask unanimous consent to have printed in the RECORD at this point the notification I have just received.

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

WASHINGTON, D.C., *Sept. 10, 1967.*

In reply refer to: 1-9019/76.

Hon. JOHN J. SPARKMAN,
Chairman, Committee on Foreign Relations, U.S. Senate,
Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 7T-54, concerning the Department of the Air Force's proposed Letter of Offer to Spain for missiles estimated to cost $23.6 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

H. M. FISH,
Lieutenant General, U.S. Air Force, Director, Defense Security Assistance Agency, Deputy Assistant Secretary (ISA), Security Assistance.

TRANSMITTAL NO. 7T-54—NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(B) OF THE ARMS EXPORT CONTROL ACT

(a) *Prospective Purchaser:* Spain.

(b) *Total Estimated Value:* $23.6 million.

(c) *Description of Articles or Services Offered:* Eight hundred-fifty (850) AIM-9J-1 Sidewinder Missiles.

(d) *Military Department:* Air Force.

(e) *Date Report Delivered to Congress:* September 10, 1976.

THE NATIONAL CONVENTION OF B'NAI B'RITH

Mr. HUMPHREY. Mr. President, on September 7, 1976, I had the privilege of addressing the national convention of the B'nai B'rith. Over the years I have had a close relationship with this organization. I consider it one of the leading groups dedicated to insuring that our Nation remains free and that American freedom is provided all of our citizens regardless of race, color, or creed.

I took the occasion of giving the keynote address to discuss four principles for democratic government which all of us should keep in mind as we celebrate the Bicentennial of our independence. These principles address domestic as well as foreign policy issues. At a time of growing world interdependence it is impossible to discuss American domestic concerns without mentioning our global responsibilities.

Mr. President, I ask unanimous consent that my address to the B'nai B'rith be printed in the RECORD.

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

REMARKS OF SENATOR HUBERT H. HUMPHREY

I am honored to have the privilege of addressing the members of such a fine organization.

Tonight, I am among old and valued friends.

B'nai B'rith and Hubert Humphrey have been allies—allies in the struggles for equal opportunity in a free society. And allies for more humane and compassionate government.

Since the days when I was Mayor of Minneapolis working with B'nai B'rith's Anti-Defamation League in drafting the nation's first municipal anti-discrimination legislation, we have had a long and warm relationship.

But I recognize that my association with you is but a small moment in the history of B'nai B'rith.

Since its founding in 1843 in New York City, this great organization has grown until it now reaches into the small towns and great urban centers of over 40 nations.

And this week you will dedicate a new building in the nation's capital, which is a symbol of the permanence of your tradition and dedication to future progress.

And through the seven generations of your existence, the message of B'nai B'rith has been clear. And that message is derived from the age-old traditions and heritage of the Jewish people: The struggle for political democracy cannot be won unless it is joined with the battle for social and economic justice.

This is the concept of freedom at the heart of Judaism.

And this is the fundamental driving force of America's liberty.

The Jewish people brought to the New World their age-old struggle to be free. It is here in America that the memories of tyranny—of Pharaohs, Kings, Czars, Fuhrers Commissars—have kept alive the vigilance of the Jewish people to threats against freedom.

And it is here in America that the Jewish concept of social and economic justice was joined with the Jeffersonian and Jacksonian ideals of equality. Together, they form a potent force. A force capable of guaranteeing that we remain a free, vibrant, open society in which all men and women can make the most of their God-given potential.

This is the year of America's bicentennial.

And this bicentennial should provide us with an opportunity to explore our future as well as our past.

As we celebrate our bicentennial we must ask ourselves:

How will Americans insure that the freedoms of our first two centuries are preserved for America's third and fourth centuries?

We live in a world of rapid change. What took decades to accomplish in the past, now takes only weeks.

Years are compressed into milliseconds. Whole generations pass through eras and epochs at mind-boggling speed.

In an age when the world and time are shrinking the dimensions of our lives, at a moment when the power of private and public institutions is growing rapidly, the challenge of preserving democracy as we know it becomes formidable.

How do we go about this awesome task?

There are no easy answers to this challenge and no one should ever tell you that there are.

I would like to discuss four principles for our government and ourselves which I believe are fundamental to the preservation of American democracy.

We need to reaffirm these and other principles as we celebrate our bicentennial.

The first principle is perhaps the most important:

Government by consent of the governed cannot long endure if government does not respect the law.

The brilliant jurist, Mr. Justice Brandeis, said it best in one of his famous dissenting opinions:

"Decency, security and liberty alike demand that government officials shall be subjected to the same rules of conduct that are commands to the citizen. In a government of laws, existence of the government will be imperiled if it fails to observe the law scrupulously."

We have just passed through a tragic period of our history. Men and the institutions they led look the law unto themselves.

They eroded a people's trust and confidence in their government at all levels.

They damaged a people's belief in the viability of their political institutions.

We must never again let this happen.

Yes, it will take vigilance by the press, the Congress and the Courts.

But, even more it will take greater respect for the law by all Americans.

There is no easy solution to the problem of growing and pervasive violent and white collar crime in America. But as Brendeis so eloquently stated:

"Our government is the potent, omnipresent teacher. For good or for evil it teaches the whole people by its example."

Yes, government must set the highest standards for its own conduct. Unless it does, our democracy will be endangered.

Let me turn to another important principle.

We cannot seek democracy and social justice at home and abandon these principles abroad.

The time has come for the United States of America to put a premium on the support of democratic governments as a central tenet of American foreign policy.

I have seen too many Presidents embrace dictators.

I have seen too many Presidents cozy up to juntas in the name of security and expediency. We must learn that there can be little security in the world if democratic government becomes an endangered species.

The United States must aid and support those people and nations who choose to form governments guided by democratic principles, whether they be in Israel, in Greece, in Portugal or in Africa.

And we must aid those people who are fighting for freedom in nations which deny them the opportunity to be free. This is certainly the case with the Jews of the Soviet Union. Here as in other countries we have a moral obligation to help these people. They should be allowed to live as Jews or leave as Jews.

We can look to the very recent past for a good example of how one of our great leaders cherished democracy beyond our shores.

The great American President who first recognized the state of Israel, Harry Truman, knew that Israel's rebirth was the creation of a democracy at a time when democracy was threatened.

I must say that today, as in 1948, America's support of a democratic Israel is vital to the security of that nation and the maintenance of peace in that troubled part of the world.

Our democratic heritage is shared by Israel. America's love for freedom is a cornerstone of Israel's independence. Whether here in America or in Israel, we must stand for the preservation and protection of democratic values.

I want to say this evening that if we have a national policy to protect a free and democratic Israel we must reconsider our policies of selling very sophisticated weapons to those nations which have yet to recognize Israel's right to existence in the family of nations. We are in the process of selling arms as if they were bushels of wheat. There must be restraint in the sale of weapons to the Meddle East, the Persian Gulf and other areas of the world where the chance for conflict is great.

The only effective way to combat the tyranny of Communism and the totalitarianism of the "Right" is to battle for human rights and democratic values abroad. The Jewish Community has always been aware of the need for a more sensitive approach to problems of international human rights.

The time has come for moral values to play a greater role in our foreign policy. Until they do, we will not gain the support of peoples around the world who are struggling for their freedom.

In the coming weeks during the course of an election campaign, I want the candidates of both parties to tell the American

people how they will restore our respect for international human rights.

Beyond the strength of our armies, beyond the wealth of our people, beyond the richness of our land, the multitudes around the world want to believe that we will support those who are struggling for basic human freedoms. An American foreign policy which does not convey this commitment is not only ineffective, it is bankrupt.

There is a third principle which I believe to be of critical importance to all Americans:

There can be no meaningful freedom in America without freedom from poverty, freedom from hunger and freedom from unemployment.

You and I have played a role in the unprecedented struggle of the past two decades to secure equal rights for all Americans. We have made gains in many areas: Equal access to public accommodations, equal job opportunity, non-discriminatory use of federal funds and protection of the right to vote.

Despite hard-won gains in Congress and the Courts, the struggle for eradication of prejudice and bigotry in America is not yet over.

As I have said in the past: It is not enough to allow a man or woman the right to sit at a lunch counter if they don't have the money in their pockets to pay for the meal.

The right to full participation in the economic life of our nation is the birthright of every American.

Until we guarantee this freedom to all Americans, we cannot call ourselves truly free.

I am disturbed that too many Americans are willing to accept growing poverty amidst affluence.

I am disturbed that we seem to be ready to accept large numbers of unemployed persons as a permanent part of the economic scene.

I am disturbed that urban decay increases as cities face rising costs and declining revenue sources.

I am disturbed that welfare rolls and food stamps become a way of life for ever-growing numbers of our fellow citizens.

An America divided between rich and poor and white and black is in trouble. Freedom for the comfortable cannot endure alongside of misery for over one quarter of the American population.

Americans are fast reaching the point when they can no longer run away from the horrible neglect of the poor and the underprivileged among us.

No suburb is safe from violent crime.

No household budget can escape the growing tax burden to support increased social costs.

Few children can long avoid being affected by an education system weighted against the poor.

The era of escape is over. The time has come to mobilize those in and out of government who want to eradicate poverty in America once and for all.

Let me turn to another final principle:

A free people who refuse to participate in their own political processes and government do so at their peril.

Democratic self-government will be threatened in the long run unless Americans take the time and effort to choose their leaders and work to make government a better protector of their rights and interests.

Just look at the alarming statistics of voter participation in our recent elections:

In 1972, with a clear ideological choice, only 55 percent of eligible voters went to the polls. This meant that sixty-eight million Americans eligible to vote did not do so.

In the Congressional elections of 1974, only 45 percent of the voting population bothered to go to the polls.

And, in 1974, among the critical group of young voters with still many elections ahead of them, 63.6 percent of 18 to 20-year-olds did not even bother to register.

If Americans think that they can fail to vote in such large numbers and still insure themselves of able and dedicated public servants they are dead wrong.

But this trend of non-participation extends all across the face of America—from the PTA and the town council, to serving on the Federal bench and in the Executive branch.

It is time for Americans to change their attitude about their government and their role in it. Government is not some monster apart from and detached from our lives. It is us—our values, our strengths and our weaknesses.

As a nation we are a community of people. Americans must participate in thic community to achieve common goals.

It is our duty and responsibility as citizens. If we as Americans do not care about our collective political destiny, we must accept the consequences of our own irresponsibility.

I sincerely believe that democracy is severely weakened if the many are governed by the votes of the few.

I am confident that the task of preserving America's democracy can be accomplished with the hard work and dedication which are so plentiful in our nation.

We have the inner strength and moral courage to overcome monetary setbacks.

American is still a young country.

The American people are builders.

They are restless. They are energetic. They are idealists eager to put their ideals to the test.

Let us not forget that we are the most heterogeneous mixture of races, religions and nationalities ever to coexist peacefully under the tent of democracy. And we are now the world's largest democracy celebrating two centuries of freedom.

There is every reason to believe that our third century can be one of freedom and prosperity for all Americans.

There is every reason to believe that Americans can make great contributions in the struggle to eradicate injustice, hunger and poverty wherever they are found.

America's future is a bright one. As the poet and scholar Carl Sandburg, so eloquently spoke:

"I see America, not in the setting sun of a black night of despair ahead of us. I see America in the crimson light of a rising sun fresh from the burning, creative hand of God. I see great days ahead, great days possible to men and women of will and vision . . ."

I know that the men and women of will and vision here this evening are ready to join hands for the kind of America which is in our hopes and dreams.

THE OMISSION OF POLITICAL GROUPS FROM THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, opponents of the Genocide Convention have often cited the omission of political groups in the list of groups of article II as a basis for rejecting the entire convention. It is true that the original United Nations declaration against genocide, adopted in December 1946, defined genocide as occurring whenever "racial, religious, political, and other groups have been destroyed." It is also true that during the negotiations converting the declaration into a treaty political groups were excluded.

Nevertheless, this exclusion is no reason to reject the entire convention. Arguments have been made stating that the exclusion renders the convention "meaningless." But inclusion of political groups would have necessitated defining what constitutes a political group—a very difficult task. Conceivably, such disparate organizations as the Girl Scouts, Black Panthers, and the Soviet Communist Party could all be termed political groups. To include a term with such a vague and broad meaning would have raised additional questions about the scope of the convention.

In any case, the Genocide Convention, regardless of what it may omit, is valuable for what it includes. Arthur Goldberg stated his position on this issue during the hearings before the Senate Foreign Relations Committee:

> We have a treaty which like all treaties is not written by our prescription but is negotiated, and as negotiated it reaches a very important concern and that concern is the mass extermination of people for their racial, religious, and ethnical views.

We cannot reject the Genocide Convention of the basis of what it excludes. Rather, we must consider the very important provisions it does contain and vote to ratify this document.

PRESIDENT'S BICENTENNIAL LAND HERITAGE PROGRAM

Mr. MOSS. Mr. President, last Tuesday, my distinguished colleagues, Senator JACKSON, Senator NELSON, and Senator JOHNSTON, had a colloquy on the President's Bicentennial land heritage program which raised some important points concerning the administration's handling of our parks and refuge programs. The protection and wise management of our Nation's wonders are issues very close to my heart, and so I would like to comment on the President's proposal—particularly as it relates to the wildlife refuse program.

When President Ford delivered his national parks message at Yellowstone, my first reaction was one of delight that the long overlooked plight of our Nation's parks and wildlife refuges was finally getting Presidential attention. I was hopeful that his full message delivered to Congress would flesh out the grand structure for action that his speech briefly described. But after reviewing his Bicentennial land heritage program and the testimony of congressional oversight hearings, I find that his plan advances nothing that Congress and the public have not urged him to do, and it lacks the substance that many hoped it would have. If this was to be a fine birthday present for the Nation's Bicentennial, the wrapping was beautiful, but the box was empty. And, the present was delivered after the party was over and everyone had gone home.

My disappointment with the President's proposal is threefold: First is timing; second is the President's and OMB's mismanagement of our parks and wildlife programs that is reflected in the proposal; and third, the lack of depth and thoroughness to the proposal, for it does not seek to correct the considerable organizational problems in the wildlife refuge program which have been known for some time.

Second, management: I feel that the

President's proposal reflects the shortsightedness and shallowness of this administration's approach to the longstanding problems that have tarnished our park and refuge programs. First, he said we cannot afford to restore our national parks and refuges; and now, he says that restoration of these areas is one of our Nation's top priorities. To me, these inconsistent policies add up to plain mismanagement. The fact is that OMB and its bright economists has disregarded the plight of our parks and wildlife refuges and has consistently set budget authorities far below the needed authorization levels. For the last 4 years, OMB has cut Fish and Wildlife Service requests for refuge funding and personnel. It must be remembered that OMB's actions are the administration's position. Now the President is advocating increased money and personnel. But where has he been over the years while the needs of the park and refuge systems have been obvious and while OMB has been constantly cutting back?

The quickness of the President's switch surprised many of us, including the President's own Secretary of the Interior. During the congressional oversight hearings, it was evident that Secretary Kleppe had great difficulty explaining to Congress the tangled budgetary picture of the proposal: $1.5 billion—some to be appropriated from already authorized funds, some to be new authorization, some to be channeled from other programs. It boggles the mind.

Third, the treatment of the wildlife refuge program: Here I am particularly concerned about the President's proposal. During our Environmental Subcommittee hearings which I held last fall, it was revealed that the system has been crippled by serious shortages of funding and personnel. Over the past 3 years refuge personnel has decreased by approximately 7 percent but during that time the total acreage of the system has increased by 10 percent. The backlog on rehabilitation of facilities now is over $70 billion. While the President's proposed increases in refuge funding and personnel will help to alleviate this intolerable situation, last fall's hearings documented that the problems are not just monetary, they are organizational as well. The President's message, however, makes absolutely no mention of these problems.

For too long the refuge system has been the unwanted stepchild of the Department of the Interior; a conservation program in an agency largely devoted to development. At the Environmental Subcommittee's oversight hearings last year, it was revealed that plans were afoot within the administration to dismantle the refuge system by transferring its units to the States and other Federal agencies. As proof, one witness produced a 1973 Interior Department memo recommending that the Fish and Wildlife Service "deemphasize as rapidly as possible Federal involvement in refuges." In February of last year, former Interior Secretary Morton attempted to transfer three units of the refuge system to the Bueau of Land Management. His actions were foiled only by great public outcry and by the enactment of legislation preventing the transfer of any wildlife refuge without the express consent of Congress. One result of this uproar is a great decline in employee morale which is very counterproductive.

The refuge system is no longer administered as a comprehensive unit, but rather as a variety of scattered programs. Refuge managers interviewed by the General Accounting Office for a study undertaken at the request of the subcommittee, felt entirely unable to communicate refuge needs to officials in regional offices and in Washington. Other refuge employees feel that refuges have virtually no input into the budget process. Consequently, by not addressing these matters, the Bicentennial land heritage program is a slapdash proposal. an incomplete skeleton and no more.

I can assure that unless we address these organizational problems, we will not be getting the full value of the dollars the President wants to spend. Unless we have organic legislation which will set down long-term goals, guidelines, and priorities for operation of the refuge system, we will be simply throwing money at the problem. I intend to make every effort to insure that these problems are faced squarely by both the Congress and by the administration.

If we truly value the natural heritage of our parks and refuges, we must devote to them the time and resources they deserve. A sound, far-reaching program is necessary and is possible. I am very doubtful there is the time this year for Congress to do anything substantive, but in the next Congress we can carefully build a program worthy of our treasured natural wonders.

PROPOSED ARMS SALES

Mr. SPARKMAN. Mr. President, section 36(b) of the Arms Export Control Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $25 million or, in the case of major defense equipment as defined in the act, those in excess of $7 million. Upon such notification, the Congress has 30 calendar days during which the sale may be prohibited by means of a concurrent resolution. The provision stipulates that, in the Senate, the notification of proposed sale shall be sent to the chairman of the Foreign Relations Committee.

In keeping with my intention to see that such information is immediately available to the full Senate, I ask unanimous consent to have printed in the RECORD at this point the notification I have just received. A portion of the notification, which is classified information, has been deleted for publication, but is available to Senators in the office of the Foreign Relations Committee, room S-116 in the Capitol.

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

DEFENSE SECURITY ASSISTANCE AGENCY AND DEPUTY ASSISTANT SECRETARY (SECURITY ASSISTANCE), OASD/ISA,

Washington, D.C., September 10, 1976.

Hon. JOHN J. SPARKMAN,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding under separate cover Transmittal No. 7T-52, concerning the Department of the Army's proposed Letter of Offer to Tunisia for missiles estimated to cost $58.0 million.

Sincerely,

H. M. FISH,
Lieutenant General, USAF, Director, Defense Security Assistance Agency, and Deputy Assistant Secretary (ISA), Security Assistance.

Attachment.

[Transmittal No. 7T-52]

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b) OF THE ARMS EXPORT CONTROL ACT

a. Prospective Purchaser: Tunisia.
b. Total Estimated Value: $58.0.
c. Description of Articles or Services Offered: [Deleted] guided missile air defense systems, [deleted] guided missiles [deleted] and spare parts.
d. Military Department: Army.
e. Date Report Delivered to Congress: September 10, 1976.

DEFENSE SECURITY ASSISTANCE AGENCY AND DEPUTY ASSISTANT SECRETARY (SECURITY ASSISTANCE), OASD/ISA

Washington, D.C., September 10, 1976.

In reply refer to: I-9023/76.

Hon. JOHN J. SPARKMAN,
Chairman, Committee on Foreign Relations U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding under separate cover Transmittal No. 7T-57, concerning the Department of the Army's proposed Letter of Offer to Kuwait estimated to cost $18.4 million.

Sincerely,

H. M. FISH,
Lieutenant General, USAF, Director, Defense Security Assistance Agency, Deputy Assistant Secretary (ISA), Security Assistance.

Attachment.

[Transmittal No. 7T-57]

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b) OF THE ARMS EXPORT CONTROL ACT

a. Prospective Purchaser: Kuwait.
b. Total Estimated Value: $18.4 million.
c. Description of Articles or Services Offered: [Deleted] armored personnel carriers and spare parts.
d. Military Department: Army.
e. Date Report Delivered to Congress: September 10, 1976.

ROTARY CLUB

Mr. TALMADGE. Mr. President, I recently had an opportunity to read a Rotary Club address delivered in Griffin, Ga., by Mr. T. E. Addison, Jr., a prominent Atlanta businessman.

In his forceful speech, Mr. Addison reflects concerns about the U.S. economy and about runaway "big government" that I believe are shared by overwhelm-

ing majority of the American people, myself included.

I bring this address to the attention of the Senate and ask unanimous consent that it be printed in the RECORD.

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

ROTARY CLUB ADDRESS

(By T. E. Addison, Jr.)

As this is the 200th anniversary year of the founding of our country, I have been reviewing my history and thinking about the conditions which led the early colonists to sever their ties with the mother country. The more I thought about the events which took place 200 years ago, the more apparent it became to me that there exists a striking parallel between what we as citizens face today from government and what the colonists faced from the British Parliament and Monarch in 1776. As every high schooler knows, the root cause of the revolution lay in the fact that the colonists were subject to the dictates of a central government in whose deliberations they had no representation, and which was insensitive to their needs and desires. Frankly I feel like some of the early colonists must have felt, for there weighs heavy on my neck the deadening yoke of an insensitive central government which most assuredly is non-representative of my best interest.

Let's think about our plight for a minute. While we have a de jure representative national government, is it representative in fact? Sure, we have a national legislature whose members are duly elected in accordance with the laws of the land. It spends almost twelve months of each year considering over 25,000 separate items of legislation and passing many which are supposedly in the national interest, but, in reality how much of the legislative product of the Congress of the United States is either representative of the wishes of or in the best interest of those citizens who elected its members? Here are some examples of what we are getting for the $448.6 million we spend annually to keep the Congress in business:

1. Year after year of irresponsible spending at levels so far in excess of revenues that the government has been brought to the verge of bankruptcy and inflation has been kindled and sustained at rates which will eventually destroy our economy and free society unless it is brought under control. A recent study by Ervin A. Schiff, a Washington actuary, estimate the total wealth of the American people at 5.7 trillion dollars. A separate study by George Washington University put the federal government's funded, unfunded and contingent liabilities at $5.684 trillion net.

In other words, the liabilities of the federal government just about equal the total wealth of the American people. On top of the federal obligation there are of course many billions of state and local government obligations. Where would your business be if its balance sheet evidenced a similar condition?

Much of the money which the Congress has spent has been squandered on projects and activities of absolutely no worth. At the present time there exist in the federal government some 1,250 advisory committees, boards, commissions, and councils all created by the Congress and run by over 4,000 federal employees at a cost in excess of $75 million per year. Some 24,000 public and private citizens sit on these boards. Responsible studies have indicated that over 90% of them could be abolished with absolutely no loss of benefit to the country. Do we need a national board for the promotion of rifle practice? A water fowl advisory committee? Two advisory committees on contraceptives? An advisory panel on sunburn treatment? A dance advisory committee? Or a board of tea tasters? Of course we don't, yet they're still in business and Congress has done nothing to get rid of them.

The National Science Foundation, which is a creation of Congress, last year passed out over $50 million of our money in the form of social science research grants. Here are some typical examples of what we're getting for our hard-earned money:

1. $350,000 for a study of trends and tolerance of non-conformity. The principle finding of this particular study was that 48% of the American people believe in the devil.

2. $84,000 to study why people fall in love.

3. $1.2 million for a program to encourage college students to think up inventions for personal profit. One of the inventions resulting was an automated banana peeling machine.

4. $342,000 for a study of pre-marital sex among students at the University of Michigan. The principle conclusion of this effort was that times have changed and there is a hell of a lot of it going on today.

5. $71,000 to compile a history of comic books.

6. $70,000 for studying the sweat of Australian aborigines.

And we could go on all day enumerating projects which are just as ridiculous as these. How absurd can we get?

Of course the amount of money spent for projects of this nature, while the total is many millions, represents a small percentage of total government expenditures. However the fact that we are spending money this way is an indication of the quality of the legislative product which we are getting.

The Declaration of Independence in the tenth complaint against King George III states that "he has erected a multitude of new offices and sent hither swarms of officers to harrass our people and eat out their substance." There is a close parallel in this excerpt from the declaration to what is now happening to the American consumers and to American industry at the hands of HEW, OSHA, SDA, EPA, FDC, EEOC and a host of other government agencies and departments. Since the creation of Interstate Commerce Commission in 1887, Congress has set up 82 regulatory agencies of which 14 were legislated into existence in the last 8 years. None of them has been abolished and they now employ over 65,000 people. Their budgets for 1976 totaled $2.767 billion, an increase of 48% in the last two years.

In 1975 they published over 60,000 pages of rules, regulations, standards and notices in the Federal Register. The Congress has in essence created a fourth branch of government, the regulatory bureaucracy, the cost of maintaining the regulatory apparatus is peanuts when compared to the total cost to American industry, workers, and consumers of complying and attempting to comply with the various regulatory programs put into existence by the Congress. The president of General Motors has stated that this cost to GM was $1.3 billion in 1974 exclusive of the cost of hardware on products or taxes. The effort required 25,300 GM employees working full time. The cost to Goodyear Tire and Rubber of Federal regulation is projected by its president at $38 million in 1976. And the cost to a small business such as mine is frightening. What a colossal waste of the wealth of the American people!

At the present time, the Federal Government is spending money at a rate in excess of 1 billion dollars per day as a result of legislation enacted by the Congress. While the size of this figure is alarming, the fact which should be of most concern to each of us is the changing nature of the spending, it has been increasing by leaps and bounds, not because of military requirements, not because of Government is building cities, constructing dams, financing valid scientific research and development. The fact is that spending is mushrooming at a rapidly escalating rate because of government commitments to give cash to people who are not producing after extracting it from people who are producing. We are right in the middle of what many have labeled an explosion in transfer payments. Just as recently as 1965 total government payments to individuals came to only $37.1 billion.

Last month Federal, State, and local governments were disbursing cash to individuals at an annual rate of $155.9 billion in exchange for no goods or services. They include social security pensions, government pensions of all kinds, unemployment benefits, black lung money, subsidies of all types, food stamps, welfare payments, school lunches and health insurance benefits to name a few. While the payments are being defended on grounds of compassion they are having a serious effect on the economy by steadily breaking down the relationship between reward and effort. Transfer payments at an annual rate $155.9 billion are 20.4% of total wages and salaries which were at an annual rate of $765.4 billion. From 1970 to 1975 transfer payments increased 67.6% while expenditures for defense increased only 4.5%. The figures are even worse today. Now if this trend is to continue, where are the savings to come from to pay for capital investment in plant and equipment to provide the 15 million new jobs estimated to be needed by 1985?

If what the legislative branch has wrought upon the country is representative of the wishes of the local constituencies who sent its members to Washington, then so-be-it. But you know and I know that this is simply not the case. Unfortunately today we do not have a Government which is representative of the individual but is representative of groups of individuals bound together by common interests with specific legislative goals in narrow areas of interest. These constituencies are national in scope and transcend congressional district and State lines. Prominent among the most powerful national constituencies are the environmentalist groups, the consumerists, organized labor, veterans, welfare recipients, farmers, educators, feminists, blacks and other ethnic minorities—just to name a few. Pressures which these groups can and do bring to bear on Congress in pursuit of their individual goals are tremendous and often result in votes by your Congressman and Senators which are patently detrimental to the general welfare of the Nation and in no way representative of your will.

Here's one good example—2 weeks ago the President vetoed a bill providing for $3.8 billion in hand outs to local governments for the purpose of creating jobs. This bill is highly inflationary and will result in more of the same old situation which all of us have faced—that of being unable to get people to work because they can make more than we can pay living off of Government programs. We have two supposedly fiscally responsible Senators, but both Senators Talmadge and Nunn voted to override the veto. Both of them voted to override the President's veto earlier this year of the so-called "school lunch and child nutrition bill"—another totally irresponsible and highly inflationary give-away of 3.2 billions of our money—why? Because neither of them had the guts to put political considerations aside and vote in the national interest. They had to appease the national constituencies who supported the bills.

It is becoming increasingly apparent that representative government as it was meant to be by our Founding Fathers no longer exists in America, and it can never exist with the Congress as it is presently constituted and unfortunately as it will continue to be

constituted under our electoral system. Redress of our ills through the ballot box is a naive and unrealistic hope, yet somehow, someway a responsible, national legislature whose legislative product demonstrates a commitment to the general welfare must be obtained if the institutions of a free people, which have been bought and paid for by the blood of countless martyrs, are to be preserved. Two hundred years have passed since our national birth and the time is upon us for another revolution of the people to shake the yoke of tyranny imposed upon us by those who would spend this Nation into bankruptcy and who would create by legislative fiat an egalitarian society in which all are given not equality of opportunity but equality of reward regardless of contribution—a condition which will result in a government totally authoritarian in nature and permitting no individual liberties or personal freedoms.

Armed insurrection to eject the Congress from the Capitol Building, while possessing an appealing quality of directiveness and resoluteness, if of course an impractical solution in 1976. However, we have an opportunity to effect a bloodless revolution. The method is provided in the constitutional process which gives us the power to revolutionize the thinking of every Member of Congress regardless of party affiliation or philosophical bent by amending the Constitution to mandate spending at levels which will not exceed revenues except in times of declared war or in the time of a well-defined national emergency. A constitutional amendment prohibiting deficit spending is a simple, straightforward, readily understood proposal of undeniable and universal desirability, so much so in fact, that one finds it difficult to grasp its potential for truly revolutionary consequence. Congress is an elected political body and purely political considerations would preclude its laying on the voters the taxes necessary to pay for all the idiotic programs and activities already underway in the name of social progress, let alone those of which are being placed in the legislative hopper with frightening frequency. The additional taxes required to fully fund $370 billion in spending are of course a political impossibility. Imagine the 180° switch that would take place in the thinking of Senator Humphrey, Representative Hawkins and other disciples of congressional munificence! A constitutional amendment prohibiting deficit spending would give every Member of Congress the out required to preserve his political life, and at the same time act responsibly and in the national interest. Instant rationality would prevail on the Potomac.

A number of bills have been introduced in the Congress to add a fiscal responsibility amendment to the Constitution. Probably the one with which you are already acquainted is Senator Talmadge's S.J. Res. 93 which at the present time is buried in the Senate Judiciary Committee. Similar bills have been introduced in the House and are also languishing in committee. Senator Talmadge told me that he sees no hope for any legislation of this type getting through the Congress as it is constituted today. The people who are in control simply do not want their power over the public purse limited in any way. However, we do have an alternative. Article V of the Constitution provides that the Congress must call a constitutional convention on application by two-thirds of the State legislatures for proposing amendments. Some 26 States, including Georgia, have already issued the call. I think it is up to us to do everything within our powers as individuals to provide the impetus to this movement. Responsible observers feel that if it appears that a convention will be called, the Congress will act first out of fear that a convention would result in a re-write of the total document.

200 years have passed since the Revolution gave birth to the United States and today the call is just as loud and clear as it was in 1776 to those who love this country to assume the responsibilities of patriotism and become soldiers in a revolution, the successful conclusion of which is as vital to the future of America in 1976 as was the Revolution in 1776. Had the colonial revolutionists not prevailed over the British, our country would not have been born and unless the patriots of 1976 can revolutionize the thinking of every Member of Congress, our Republic will never celebrate the tri-centennial of its birth.

The task is ours!

REPUBLICAN ADMINISTRATION LOSES BOTH THE INFLATION AND THE UNEMPLOYMENT FIGHT

Mr. HUMPHREY. Mr. President, President Ford, and President Nixon before him, posed the economic dilemma to the country in largely this form: Do you want more inflation or more unemployment? Now for years, I have been saying two things:

First. That is the wrong question, because if we have faith in capitalism and democracy, we must be able to conquer both.

Second. As a country, we have a right to ask of this administration, back to 1968, What benefits has it achieved by abstaining from a battle on unemployment? Have we been victorious against inflation as the administration has promised?

I submit that any meaningful analysis would show that virtually no progress has been made on the earning power front, and I thank Richard Strout for his perceptive and entertaining summary of the situation in his TRB column in the September 4, 1976 edition of New Republic. He points out what obscure Government statistics reveal to those who care enough to read them. And that is that from 1969 until today, the average increase in the average family's earnings has been $4.18 a year. That compares with $400 a year from 1961 through 1968 inclusive.

Mr. President, I ask unanimous consent that the TRB column be printed in the RECORD.

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

IS EVERYTHING COPACETIC?

There's a pearl button on my rolltop desk that used to summon someone 50 years ago when Miss Rigby pushed it, but it brings nobody now except after hours when I press it to talk to the Jones family. The Jones family is the government's statistical abstraction, the average American family, with Papa Jones and Mama Jones and two "dependents" (Esmeralda, 10, and Agamemnon, 4).

So I "mashed" the button (as Lyndon used to say) and there they were, before you could say "microeconomics," and I said severely, "Jerry and Jimmy are going to engage in face-to-face television debate if the FCC and Congress and the Elections Commission and the FBI let them, and it will be the sensation of 1976. I want to bone up on a few vital statistics. So Mr. Jones—is it all right if I call you John?—will you please define yourself?"

"I am the breadwinner of a sociological unit known as the average American worker, in nonsupervisory, private, nonfarm, employment," answered Mr. Jones in a singsong impersonal voice.

"Fine, fine," I said, trying to break the ice, "and how do you feel today?"

"Average. I always feel average. Mrs. Jones, too—average."

"How much do you earn a week?"

"In July 1976, my gross weekly earnings were $177.51. My 'take-home pay' (that's after they deduct federal income taxes, sir, was $157.42."

"Well, John—maybe I had better call you Mister Jones, after all—that sounds like a lot of money: that's about $8185 gross annually! Your father wouldn't have believed you were making that!"

"A lot of money with hamburger 89 cents?" protested Mrs. Jones.

"Exactly," I said. "President Ford in his acceptance speech said that the economy is hunky-dory, we are in the full surge of sound recovery to steady prosperity, and I wondered how this affected the average American working family. Your take-home pay, after federal taxes, is now about $157. What's that in 1967 dollars?"

"In constant 1967 dollars, sir, $92."

"What was your weekly take-home pay in 1966?"

"It was $91.32 in constant 1967 dollars, sir."

"Why, you don't mean to say, you don't mean to say that in 10 years you, as the representative of the average American working family! . . ."

("Nonsupervisory in private, nonfarm employment," interjected Jones.)

". . . you have managed to raise your weekly purchasing power by less than a dollar? It's astonishing! Why the financial pages tell how well we are all doing, how the economy is improving, how people are buying cars and how conservatives are going to vote Republican; and then you tell me you're hardly any better off. Surely it wasn't like this under the Democrats? Didn't spendable weekly earnings increase faster?"

"In the years 1961–68 inclusive, the average increase was 10 percent; eight dollars a week; around $400 a year."

"Well, that's Kennedy-Johnson. Now how about under Nixon-Ford?"

"It's averaged eight cents a week."

"Great Scot! Mr. Jones, can I be personal? How are you going to vote this November as a representative of the average American worker?"

I didn't get an answer. There was an alarming crash. Agamemnon was loose. Damn the boy, he had knocked over the water-cooler. When I looked up the Joneses were gone.

If I were Jimmy Carter boning up for a debate right now I would consider the Joneses, and be reading *The Promise of Greatness: The Social Programs of the Last Decade and Their Major Achievements* ($15; Harvard). It is by Sar A. Levitan and Robert Taggart. It is a cool, calm discussion of where we are and how we got there under Lyndon Johnson's "Great Society." Without palliating mistakes or execusing overblown rhetoric, it gives an almost point-by-point reply to a lot that was said at the Republican Kansas City convention.

"The Great Society did not eliminate poverty, but the number of poor was reduced and their deprivation significantly alleviated . . . The Great Society did not equalize the status of blacks and other minorities, but substantial gains were made which have not been completely eroded. Significant redistribution of income was not achieved or sought, but the disadvantaged and disenfranchised were helped.

"The Great Society did not have any magic formula for prosperity but its politics contributed to the longest period of sustained growth in . . . history."

The Jones family, as a matter of fact, might appeal to *The Promise of Greatness.*

Why has the economic advance of the average worker been so reduced? Because, say the authors, under Nixon and Ford "the policy response was to cool the economy by combatting inflation with joblessness. The result has been the highest unemployment since the Great Depression and persisting inflation."

Maybe yes; maybe no. Sar Levitan, professor of economics at George Washington University, and Robert Taggart, executive director of the National Manpower Policy Task Force, agree that Johnson made overblown promises and should have boosted taxes to check Vietnam inflation.

But along came Nixon: "The Nixon game plan was to let the recession run its course and clamp down on spending. But as the 1972 elections approached, a choice was made to spur the economy. Excessive stimulation and the decontrol of wages and prices led to inflation. The international oil and food crises then continued to push up prices. . . ."

The Great Society contributed to the 1969–71 slump—"but subsequent policies have missed the mark far more."

There is frequent reference today to the supposed "conservative mood" of America, and I caught two mentions of it the other day on the editorial page of The Wall Street Journal which felt abused that some liberal move was being made. I don't think the mood is conservative. It is discontented, cynical, frustrated. There is no more "silent majority" today, I think, than in 1972, or in Goldwater's day. Is social welfare bankrupting the nation? The authors say that as a proportion of GNP it has risen from 11.6 percent in fiscal 1965 to 17.7 percent in 1974. The GOP calls this a "welfare state." Jimmy Carter in reply has the opportunity to make 1976 one of the clearest choices on big issues in presidential history.

COALITION WARFARE: THE NEED TO PLAN

Mr. CULVER. Mr. President, if NATO is to be militarily viable and effective, for both deterrence and defense, its forces must have a well-conceived common doctrine and weapons which are standardized or at least interoperable among alliance members.

The U.S. Congress took a giant step forward this year by removing the legal roadblocks to standardization and by recommending a strategy for success, including joint planning and doctrine, licensing and coproduction of weapons, and collaboration among European nations.

The importance of this effort has been demonstrated most recently by Robert W. Komer, a RAND consultant on NATO and former Ambassador to Turkey. Writing in the new issue of Army magazine, Mr. Komer documents the lack of adequate attention given so far to planning and procurement for coalition warfare—where success depends on how well we fight together, and not necessarily on how strong we are alone.

Mr. President, so that all Senators may read Mr. Komer's cogent analysis of this problem, 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:

COALITION WARFARE

[From Army magazine, Sept. 1967]

(By Robert W. Komer)

It is a tribute to the U.S. Army's resilience as an institution that it has bounced back so vigorously from the trauma of the Vietnam war. All in all, it seems surprisingly lean and healthy so soon after withdrawing from Vietnam. It has successfully made the tough transition from a draftee to a volunteer force. Spurred by a dynamic new Training and Doctrine Command, it has in process major changes in doctrine, tactics, training, equipment and even force structure.

It has pruned headquarters, facilities and the traditionally large expeditionary force supporting "tail" which characterizes an army structured to project itself overseas, to create more combat units—notably three additional divisions—out of a fixed personnel ceiling. And it has deployed two more brigades to Europe by cutting down tail within a fixed European ceiling, too. Many new items of sophisticated equipment—some of it impressive by any standards—are being developed and deployed. For the first time in its history, the Army even seems to have designed a superior tank, perhaps even better than the best the Germans can offer. Although the Army often seems to be its own worst publicity agent, these many evolutionary changes over the last few years add up to a near-revolutionary improvement.

This trend has been powerfully reinforced by the Army's wise decision, after disengaging from Southeast Asia, to reemphasize as its logical primary mission NATO deterrence and defense. This has always been the contingency which largely dictates the Army's overall size, configuration, doctrine, tactics and equipment. It is the only justification for a 16-division active Army and a 24-division total force. No other plausible contingencies call for a force of nearly this size. Indeed, the NATO scenario is the sizing case for most of our general-purpose forces, although this article will focus mostly on the Army.

Yet, there remains one enormous gap in this process of optimizing our forces for the NATO mission: we still are not taking adequately into account the special requirements of coalition war. These entail far more than combined command arrangements and adequate provision for liaison—important as these are. They mean more than overcoming the language barrier, too. They entail harmonization of doctrine, tactics and procedures, compatibility of forces and logistics, interoperability, if not standardization, of equipment, munitions and communications, even training and operating together—in short, all the interfaces so indispensable to fighting effectively alongside allies. Military history is replete with examples of the high costs of failing to take into account these obvious factors. One classic (and quite relevant) case is the Axis victory of 1940, when French-British-Dutch-Belgian failure to operate effectively together contributed to their disastrous defeat.

As noted in the Army's splendid new version of its basic doctrine, FM 100–5, the United States, too, has fought as part of a coalition in everyone of its major 20th-century wars. In World War I we were the late-arriving junior associate of the Entente and largely used their tactics and equipment. In World War II we became a senior partner, but we fought again in Europe as part of a coalition which we largely equipped from our own enormous war production. Korea and Vietnam were also coalition wars, if of a rather different type. Although we were the dominant partner, we also equipped and trained large Republic of Korea (ROK) and Republic of Vietnam (RVN) forces which during most of these conflicts were numerically larger and suffered more casualties than our own troops. Other substantial allied contingents also served.

Surprisingly, however, despite all this wartime experience, we never spent much effort during peacetime preparing explicity for coalition warfare again next time around. Instead, our services retreated back into their institutional shells and structured themselves as though we and the enemy would be the only ones on the battlefield. No coalition warfare doctrine ever emerged, and in each succeeding conflict, we developed an ad hoc response after war started. This worked out all right in World Wars I and II in Europe, because in both cases we had plenty of time for gradual buildup and sorting out the problems while our allies held the ring. In Korea the reverse was true. We had to hold the ring while we built up the ROK forces in a notably successful ad hoc response. Perhaps this conditioned us to "ad hoc" again an RVN buildup in Vietnam. It would be instructive to analyze the reasons why this worked so well with the ROK and so poorly in Vietnam.

But let us focus on today and tomorrow, because coalition war is even more likely to be the dominant mode of employment of our general-purpose forces—and of even more critical importance. For our strategy of forward defense and overseas force projection is highly dependent on working together with allies in the key NATO scenario (indeed, almost any major contingency for which we are currently structuring our forces).

This time, as FM 100–5 points out, we can no longer afford to be "historically unprepared to fight the first battle." Instead we must win it while fighting outnumbered. There will be no time to "ad hoc" it again after war starts. And when we stress building forces to win the first battle while fighting outnumbered, let us remember that this means NATO, not only the United States. It matters little if our V and VII Corps stand like the Rock of the Marne in the Fulda and Meiningen gaps if the rest of NATO's crucial central region crumbles around us.

But there remains a profound disconnect between this strategy and doctrine and our posture to carry it out, one so serious as to call into question whether we and our allies can successfully carry out the coalition strategy we have designed. A brief look at how we still tend to neglect preparing for coalition war will show what I mean. I will use the U.S. Army as my primary example, although the other services are in the same boat. And our allies are just as bad—outside of the alliance's military leadership, none of us think NATO; we all think only in terms of our own national force contributions.

Let us start with what we teach at our service schools, since here is where the thinking of our professionals is formed. I am stunned that even our war colleges teach so little about coalition war (or about war itself for that matter). Their curricula mostly ignore it. When I inquired whether the Army's Command and General Staff College at Fort Leavenworth, Kan., teaches coalition operations at the tactical level, I found they looked only briefly at allied unit organization and grade insignia. Or take our professional literature—hardly any attention to this subject here. Indeed, it is surprising how little attention there is to this subject in allied military literature as a whole.

While we plan to support allies in wartime, are our doctrines, tactics and procedures harmonized or at least compatible, so that we can cross-reinforce each other effectively? Do the tactics we teach at branch schools and at Leavenworth take into account that the allied troops alongside whom we are likely to fight are often structured and equipped differently, and use procedures quite different from ours? Hence, can our artillery readily support adjacent allied units and they us? Can we even read their map symbols and they ours? Are our logistics systems compatible, so that we can support each other logistically if need be? The answer to all these is no.

What about interoperability, if not standardization of equipment, so essential to coalition operations? Gardiner Tucker, NATO's former assistant secretary general for defense production, remarked that the trend is, in-

stead, toward less standardization. Nowhere have the needs of coalition warfare been more sedulously neglected. Despite a few bright spots, the proliferation of widely varying systems among the NATO allies is appalling. This results from largely duplicative and overlapping research and development (R&D) programs, and failure to reap the production economies of scale. Of course, the maintenance and resupply complications are horrendous, too.

As for the U.S. Army, the tendency is to design and produce equipment as if the Army were the only force in NATO and we'd be fighting the Russians alone. Even in those few cases where we do seek common equipment the Army has often tripped over its own overzealous performance demands. We cannot expect that equipment designed for allied use as well necessarily mets all our own exaggerated criteria. Yet we usually do so expect.

Lack of adequate interoperability in tactical communications is particularly unfortunate, since it is indispensable to effective conduct of coalition war. We can't even talk with each other over most of the tactical communications now in use, and worse yet, those being developed by ourselves and others. For example, we have been working for years on TRI-TAC, a tri-service family of common equipment. But is it more important that our Army be able to communicate with our Navy than with allied ground forces like the German or British? The House Appropriations Committee says that in INTACS (Integrated Tactical Communications System) the Army has come up with its first comprehensive communications plan which looks ten years ahead. But does it take adequately into acocunt the need to communicate with allies? Sure, we can exchange liaison teams or add expensive black-box interfaces to our equipment. But these are cumulatively very expensive solutions to problems we should have thought through in the first place.

Underlying the renewed need for an ideal collective defense posture, in contrast to independent and often incompatible national ones, is a simple fact: growing military interdependence among allies. To put it baldly: the Japanese alone cannot defend Japan; the European allies alone cannot defend Europe. A U.S. contribution is indispensable, and we plan on it. But we must fashion our forces more sensibly for it, too, for the United States is also dependent on its allies. Aside from their real estate, we expect to use their port facilities, bases, depots, transport systems, communications and many other resources. So interdependence is a fact of life for U.S. as well as allied planners—whether we take it fully into account or not.

While the NATO scenario is our sizing case, we are not yet optimizing our general-purpose forces posture for this classic coalition need. Paradoxically, it is the United States that has been at the same time the strongest voice in NATO and the worst offender in terms of "go it alone." We were cast in the ambivalent role of leading NATO, yet insisting on full freedom of action in tailoring our own forces. Admittedly, the United States faces more of a dilemma than any other ally in terms of meeting NATO missions versus other contingencies. As a superpower it has a global role. And non-NATO contingencies seem far more likely to occur than a major Warsaw Pact-NATO clash. So the United States must maintain true general-purpose forces, not merely tailor them all for the NATO scenario.

Even our forces in Europe (not to mention our other NATO-earmarked forces) are more self-contained, the grossly overdone argument being that the United States must structure on an expeditionary force basis to project its military power overseas and must be able to use Europe-oriented forces for non-NATO contingencies. And in the area of defense production the United States wants to have its cake and eat it, too. It follows a policy of military self-sufficiency, while wanting NATO to standardize mostly on U.S. equipment.

Can we afford such expensive practices any longer in the face of a growing threat and continued fiscal constraints? Tailoring a large fraction of the U.S. force structure more explicitly for the NATO coalition mission could free substantial resources for trade-off, materially improve the effectiveness of our NATO contribution, and, last but not least, actually improve Army capabilities for responding to other contingencies as well. I have in mind such measures as faster reinforcement, a more relevant reserve structure, and the economies and efficiencies inherent in greater reliance on host-nation support and more compatible or common R&D and defense production.

For example, we are coming around belatedly to realize that we can no longer afford the luxury of gradual mobilization while our allies hold the ring, as was the case in World Wars I and II. If NATO's biggest worry is a short-warning blitzkreig breakthrough of its thin covering forces, then the quickest possible U.S. reinforcement is of even higher priority than more massive reinforcement later on. Lifting two or three U.S. divisions to Europe within a week of M-day might make all the difference. It would give NATO's central region its only real reserve to counter threatened breakthrough. And it is quite feasible to get at least the heavy divisions of Reforger and 2+10 (two divisions plus ten supporting units) to Europe in a week or so, particularly since all but their individual equipment will be pre-positioned in Europe when POMCUS (pre-positioning of materiel configured to unit sets) stocks are rebuilt. The remaining need is enhanced readiness, such as allowing higher unit strengths. This can be a straight trade-off between readiness and something less essential.

Quick reinforcement also means that the traditional U.S. Army practice of taking with an expeditionary force an enormous tail for self-sufficient operations is no longer feasible. Instead, we simply have to rely more on use of available host-nation resources if we are to be able to deploy sufficient combat forces quickly enough to cope with a lightning thrust by the Warsaw Pact. Fortunately, today's Western Europe is rich in many of the assets we formerly had to bring from continental United States (CONUS).

Maximum flexibility of force employment is also critical to halting blitzkrieg. As Gen. Alexander Haig Jr., supreme allied commander, Europe, is stressing, he must be able to quickly concentrate ground forces—of whatever nationality—at the crucial points if he is to prevent breakthroughs. But achieving this flexibility will be critically dependent on compatibility of forces, doctrine, tactics and procedures, not to mention interoperability, if not standardization, of equipment. I need hardly stress the importance of these factors to professional readers, especially for operating in other national sectors—as U.S. forces will inevitably have to do.

In short, there is an overwhelming case as to why we and our allies must start preparing better for coalition war. Failure to do so was not so crucial a flaw in earlier, more slow-moving conflicts, or when U.S. nuclear superiority provided NATO's real deterrent. But in today's fast-moving world, when Soviet blitzkrieg capabilities are growing, can we any longer neglect preparation in peacetime?

There are strong budgetary reasons, too. As any officer who ever served on a Pentagon staff well knows, affordability is what drives the decision process. At a time of sharp fiscal constraints and competing priorities, can national defense managers any longer afford the costly waste and duplication inherent in failing to structure our forces and procedure for coalition war? And how long will our Congress stand for it? Already Senators Sam Nunn (D-Ga.), John C. Culver (D-Iowa), Thomas J. McIntyre (D-N.H.) and Robert Taft Jr. (R-Ohio) are probing knowledgeably on this issue. But Congress in turn must recognize that funding for combined training and exercises, enhanced readiness and adequate lift is indispensable to a viable U.S. posture.

Moreover, many increasingly sophisticated high technology systems, which can also serve many allies simultaneously, are becoming so expensive that we can afford to fund them only multinationally. AWACS (Airborne Warning and Control System) is a case in point. A lesson here is that the United States only belatedly tried to get its NATO allies to help fund this highly promising system after it had been developed. They are finding great difficulty in fitting it into their budgets. Will the U.S. Army learn this timely lesson with respect to its enormously costly SAM-D missile system? Just as far more of the earlier generation Nike and Hawk missile systems are in the hands of allies and client states than in the U.S. inventory, friendly requirements for SAM-D, too, will exceed our own. And only through foresighted multilateral planning and programming well in advance are any of us likely to be able to fund them at affordable cost. Here is yet another aspect of preparing for coalition war.

Let me hasten to add that we Americans are hardly the only ones at fault. Our European allies, with infinitely more experience at coalition war than we, are also culpable. They, too, neglect peacetime preparation for coalition war. They expect to "*ad hoc*" it in wartime much as we do—even the Germans, who study war more seriously than most and have the most to lose soonest if NATO's defense crumbles. The worst allied offender, of course, is France, for reasons which are no less edifying for being well known. Regrettably, the only ones who seem to be systematically preparing for coalition operations are the Soviets. They not only dominate the Warsaw Pact command structure, but insist that all their allies march to their tune, use Soviet equipment and adopt common doctrine and tactics.

Nor is coalition war exclusively an Army problem. It affects all services. But in the determining NATO case, the U.S. air and naval forces form a far larger part of the total allied force, and tend to dominate technologically as well. Thus, it is more natural for our allies to follow our air and naval lead. However, our ground forces are a much smaller part of the NATO total. Although our Army is the largest in NATO, that part which is either already in Europe or can get there in time to fight the crucial early battle is relatively small. Thus, our Army should logically take the lead in thinking through coalition war. Yet, the U.S. Air Force, under the present Europe-oriented leadership, has shown far more initiative, especially in getting NATO to set up a new unified central region air command and seeking to weld all its air assets into a single flexible instrument.

While the NATO commands and NATO's own bureaucracy have naturally focused on the special requirements of an effective coalition posture, their halting efforts over the last 25 years have been frustrated by the fact that NATO is less a supranational institution than a classic alliance of sovereign states, with 14 different, largely incompatible, national forces. The NATO commanders who are expected to command this polyglot force in wartime have no direct power over it in peacetime. They can cajole and persuade—and their record of success to date is hardly reassuring. The periodic force goals they propose are in fact mostly the sum of national plans, and even these are often altered later by the member nations.

Hence, NATO cannot move any faster than the nations which comprise it. Moreover, it is remarkable how many allied officers who try hard to solve these problems when serving on NATO staffs seem to forget about them so promptly when they return to national roles. We Americans are no exception.

I do not want to overstate the problem. Notwithstanding their sad previous record, both NATO itself and most national commands are belatedly starting to come to grips with it, driven by the escalating costs of modern forces and the evolving threat. The 1975 NATO ministerial guidance for force planning calls for much heavier emphasis on alliance cooperation. Momentum is building up for greater stress on flexibility, rationalization, interoperability and standardization—more in the last few years than in the previous few decades. Our Army it self is looking much more seriously at utilization of host-nation resources, both to save money and manpower in peacetime and to meet urgent wartime requirements without having to bring so huge an expeditionary force tail from CONUS. And for the first time the new FM 100-5 includes a whole chapter on NATO (which in effect stresses the same need as does this article). But so far all this is only a promising beginning.

Nor do I wish to underestimate the difficulty of reaching practical solutions. The problems involved are enormously complex. Whatever the clear-cut benefits of defense cooperation, national particularism will die hard. Bureaucratic inertia is another potent obstacle. At a conservative estimate, it could take 20 years to create an ideal coalition structure from the present mess. But it will not be achieved at all unless all the problems outlined herein are addressed seriously.

This will not happen—it never has in NATO—unless the United States takes the lead. Since the U.S. Army has the most to gain and most to lose among our services, it should point the way by analyzing the lessons of the past, developing a coherent doctrine for coalition warfare, and then pressing for the decisions needed to carry it into effect. Unless the Army does so, it will be omitting a vital element from its promising post-Vietnam recovery.

Because our Army is being sized and shaped primarily for what FM 100-5 rightly calls the most demanding scenario, it must be able to demonstrate convincingly that Western Europe can be defended against a growing threat. To do so credibly within likely constraints, we and our allies much better prepare to fight together effectively. Nor should it be forgotten that organizing for coalition war is essential to most non-European contingencies, too. In sum, it is central to the Army's own future—and potentially the nation's future as well.

A DUTY AND PRIVILEGE

Mr. HATHAWAY. Mr. President, the Labor Record of Maine published in its September edition an editorial entitled: "A Duty and Privilege," which is most timely. Over the past several elections we have seen voting percentages continue to drop. The Labor Record takes note of this drop, and has developed a new name for this powerful "third party."

I share this comment with colleagues and ask unanimous consent that the editorial be printed in the RECORD.

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

[From the Labor Record, Sept. 1976]

A DUTY AND PRIVILEGE

The only thing necessary for the triumph of evil is for good men to do nothing.—Edmund Burke

If you were asked what the largest and most powerful political party in the United States is, what would your answer be? Republican? Democratic? If you answered either way, you're wrong! It might be a further surprise for you to learn that a whopping 39 plus percent of Americans belong to a "third" party. As a matter of fact, you might be one of that party's members!

The name of the "third" party is the Do Nothings. They are the ones that stay away from the polls because they don't have the time, the weather is bad, or they know their vote isn't going to make any difference.

Members of the Do Nothing Party can't be bothered to really inform themselves on issues; they aren't going to get involved in national, state or local political scenes because they're too busy, or politics are crooked, or they're not good at that sort of thing, or one person can't do anything, or politics isn't their thing, etc. etc.

You probably know a lot of these party members. They complain that crime and immorality are rampant, taxes are too high, country is going to the dogs, and on and on. Then along comes an election, and with very sharp mental alertness and a real pioneer spirit of indifference, they do nothing.

On the other hand, there are some dedicated people that do spend long hours ringing doorbells, registering voters, manning the polls, addressing envelopes, etc. Why do these people do it? What makes them different from the "third" party members?

If you were to ask any ten of these workers "why", you'd receive ten reasons, but boiled down, you'd find out that they believe they really have a duty and a privilege. And they recognize their duty and value the privilege to participate freely in the government process—a privilege denied the peoples of many countries around the globe.

BUTLER HIGH SCHOOL MARINE CORPS JUNIOR ROTC UNIT

Mr. TALMADGE. Mr. President, I am very pleased to inform the Senate that the Butler High School Marine Corps Junior ROTC Unit, of Augusta, Ga., won the 1976 championship as the finest Marine ROTC Unit in the United States.

Competition is based on inspections, community activities, physical fitness, marksmanship, academics and overall unit performance. Butler High School opened in 1970, and it is the only school in the Nation to rank in the top three Marine ROTC Units every year.

Lt. Col. Roy B. Whitlock is Senior Marine Instructor at Butler High School, and I extend to him and all the students in the unit my sincere congratulations.

EMERGENCY JOBS BILL WILL BOOST THE RECOVERY

Mr. HUMPHREY. Mr. President, we are at a crucial juncture in the recovery from the 1974-75 recession. After a period of rapid economic growth in the fourth quarter of 1975 and the first quarter of 1976, real GNP grew at only a 4.3-percent rate in the second quarter. Preliminary data now available on the third quarter suggests that this sluggish pace of recovery may continue.

Because of the sharp slowdown in production and a continued increase in the labor force, the unemployment rate has risen steadily since May of this year. After rising to a level of 8.9 percent in 1975, the unemployment rate began coming down as congressionally mandated economic stimulus spurred growth in production and jobs. The unemployment rate had dropped to 7.3 percent by May. But since then it has continued to rise, reaching a level of 7.9 percent in August, the latest month for which figures are available.

Mr. President, it is for this reason, among others, that I am so pleased with the speedy Senate approval of the emergency public works appropriations bill. We cannot allow this devastating increase in unemployment to continue. Of course, we should have had the added boost from public works and countercyclical grants much earlier in the recovery, but the President twice vetoed the authorization for this vital bill. I urge the President not to delay the start of this program any further and to sign this appropriation with all deliberate speed.

Now, some will claim that the recovery is well underway and that we no longer need this legislation. Nothing could be further from the truth. I mentioned earlier the slowdown in growth and the rise in unemployment. Let me also point out that construction has been virtually flat for the last 6 months. And when measured in real terms, that is, allowing for inflation, construction spending is actually declining. That is why title I of this bill, which provides for $2 billion in grants to be distributed by the Economic Development Administration, will assist the weakest link in the economy right now. Furthermore, the bill provides that funds will be distributed on a priority basis, based on the severity of unemployment in an area. Those areas that are recovering at an adequate pace will receive only a minimum amount. But those where employment is lagging will receive additional funds to spur growth.

Title II provides countercyclical revenue sharing to States and local governments. Mr. President, I am proud to have been one of the original sponsors of this bill. In fact, as chairman of the Joint Economic Committee, I can say that we have recommended this approach for the last 5 years. As you all know, the economic recovery is not occurring at the same pace. Many States have unemployment rates in excess of 9 percent. And in some central cities, unemployment exceeds 20 percent. When the national economy develops a cold these cities get double pneumonia. When the economy recovers, these cities are left behind. That is why this bill is needed and why I am so pleased that it has passed.

Many local governments are still operating with deficits or have been forced to cut back on vital expenditures and/or raise taxes. The Federal Government hires public service employees and the States and localities are forced to lay them off. Government is giving with one hand and taking away with the other. Our economic recovery is simply too fragile to survive these inconsistencies.

BENEFITS TO MINNESOTA UNDER THIS BILL

Although exact allocations have not yet been made by the Department of Commerce, I have preliminary estimates of the funds that would be allocated to the State of Minnesota when this bill passes. Under title I, which will fund construction projects, Minnesota will re-

ceive at least $10 million, and possibly more, which will be distributed by the Secretary of Commerce.

Under title II, countercyclical revenue sharing, Minnesota, according to preliminary estimates made by the Government Operations Committee, will receive more than $15 million. Slightly over $5 million will go to the State government to relieve budget pressures. The rest, more than $10 million, will be allocated in the following way:

Anoka county	$219,300
Dakota county	93,900
Hennepin county	866,600
Bloomington	17,000
Minneapolis	1,064,200
Ramsey county	427,100
St. Paul	686,500
St. Louis county	741,900
Duluth	480,000
Stearns county	160,700
Washington county	99,800
Balance of State	5,161,200
Communities of less than 50,000 population	

Mr. President, this legislation will be good for Minnesota and good for the country. It will provide a needed boost at a time when the recovery is lagging. I urge the President to sign this important measure as quickly as possible.

TRIBUTE TO EATON CORPORATION

Mr. DOMENICI. Mr. President, I have been fortunate to work with the Italian Emergency Relief Committee, an organization formed to provide a framework for contributions from concerned Americans to the victims of earthquakes this past spring in Italy. My work on this committee reaffirms my belief in the innate generosity and compassion of Americans. Recognizing this as a natural disaster of immense proportions, even though struggling at home with rising inflation and higher prices, our citizens have responded without hesitation to the plight of the Italian people. This moving reaction by Americans symbolizes the spirit of charity that has characterized our Nation's relationship to other nations of the world.

At this time, I would like to bring to your attention the efforts of an American corporation and its employees to assist the Italian earthquake victims. While the image of the American multinational corporation is all too often that of a faceless, globe-gridling industrial giant, the reality is that its success depends upon a productive and harmonius relationship between its people and a local community. This kinship, particularly evident during natural disasters or catastrophies, is most clearly demonstrated by the selfless assistance of the employees and management of Eaton Corp.

Eaton, with headquarters in Cleveland, Ohio, has 10 operations in Italy employing some 5,000 people. Two of these plants are located at the outer fringes of the disaster area; an engine valve manufacturing plant at the tip of the Adriatic at Monfalcone and an appliance controls plant in the Dolomites at Belluno.

Immediately after the earthquake the company placed vehicles, supplies, and volunteer employee assistance at the disposal of disaster relief authorities.

When the full extent of the disaster was learned, employees of the two plants donated 4 hours of their salary to the Central Disaster Fund. In recognition of this charitable act by employees, the company's corporate management immediately authorized an outright contribution of $20,000 to match employee concern.

Followup efforts still continue. Each weekend, crews of volunteer workers from the Eaton plants, utilizing company-supplied vehicles and equipment, travel to the heart of the disaster area to assist in rebuilding homes. In all, more than $30,000 in direct relief aid and countless hours of volunteer manpower have gone into the effort to ease the suffering of disaster victims. Similar assistance by Eaton's Italian subsidiaries and their employees during the 1969 floods in Florence and Venice helped preserve the art heritage of Western civilization.

This immediate and effective response by Eaton and its Italian subsidiaries, and by other multinational companies, is positive evidence of the existence of corporate concern and responsibility. I applaud and salute Eaton Corp. and its employees in their humanitarian efforts. I know my pride and gratitude is shared by all Americans.

SENATOR NUNN ON DETERRENCE IN EUROPE

Mr. CULVER. Mr. President, one of the Senate's most careful students and knowledgeable experts on NATO is the distinguished Senator from Georgia, SAM NUNN.

In a recent address to the New York Militia Association, Senator NUNN raised some tough questions about our current assumptions and policy, and offered some bold suggestions to assure that, if war breaks out, we and our allies can prevail.

So that we may all have the benefit of his thoughtful analysis of this fundamental problem, I ask unanimous consent that the text of Senator NUNN's remarks be printed in the RECORD.

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

GEARING UP TO DETER COMBAT IN EUROPE: THE LONG AND SHORT OF IT

(By Senator SAM NUNN)

Mr. President, distinguished guests, ladies and gentlemen: It is an honor and a pleasure to address the 92nd Annual Conference of the New York Militia Association.

Few Southerners since the War of Northern Aggression—I believe you still call it the Civil War—have been accorded such gracious hospitality so far north of the Mason-Dixon line. Even the absence of mint juleps and boiled peanuts at this conference is an understandable indiscretion. Come January 20th of next year, we shall exact our revenge for this and other Yankee slights such as Reconstruction and Sherman's march through Georgia. As one of my southern colleagues in the Senate recently observed: "We've finally got an opportunity to get a man in the White House without an accent."

The recent unpleasantness known as the Civil War produced the most brilliant assemblage of military talent in the history of this country. Prominent among these men of genius and near-genius was Nathan Bedford Forrest, who never lost a single engagement and won many which contemporary military wisdom declared unwinnable. Rough-hewn and untutored, Forest is probably best known today for a remark attributed to him when he was asked to identify the key to his success. Victory comes to those, he is reported to have said, "who git thar fustest with the mostest."

While on the surface this statement appears glib, on reflection it represents a colorful summary of two cardinal principles of warfare, failure to adhere to which is an almost certain recipe for defeat. The first is timeliness—the critical capacity to maneuver one's forces rapidly enough so as to be in the right place at the right time. The second is sufficiency of force—it does little good to be at the right place at the right time if one's forces are too weak to survive an engagement.

Bedford Forrest's prescriptions for success are today nowhere in greater jeopardy than in NATO's Central Region, which remains the cockpit of Soviet-American military confrontation. To put it bluntly, after twenty-seven years of collective investment on an unparalleled scale, it is still questionable whether the United States and its European allies could muster sufficient military might in time to defeat a determined conventional Warsaw Pact invasion of Western Europe.

I believe that the survival of Western Europe is vital to the United States. Our political, economic, cultural, and historical ties with Europe are such that events on that Continent have and will continue to affect us in a way that events in no other part of the world can. The United States has fought two major wars in Europe in this century. The cost of these wars in blood and treasure dwarfs the cost of detering a future war on that continent. The defense of Europe is the defense of the United States. The fate of freedom in Europe and in the United States are closely linked.

We can and should insist that our allies pull their own weight in NATO, although in my opinion this is not the case today. But the answer to the ultimate question of whether the United States should be involved in NATO is, in my view, a simple one.

Would the United States be secure if the Soviet Union or any other hostile power dominated Western Europe politically, economically, and militarily? I believe the answer to this question in 1976 is the same as it was in 1917 and 1941.

Thus, the issue, in my view, is not whether the United States should be committed to the defense of Europe but how best to enhance the effectiveness of that defense without the necessity of an immediate resort to nuclear weapons. In my view, it is the conventional defense of Europe that is in question today. As long as the United States maintained a pronounced nuclear superiority over the Soviet Union at both the strategic and tactical levels, we could effectively deter conventional aggression. That superiority, however, has vanished, and with it the notion that NATO need not muster a credible conventional deterrent.

The numerical inferiority of NATO forces in the Central Region; their protracted war bias; and the great difficulties that would be encountered, once hostilities commence, of lifting sufficient U.S. reinforcements across the North Atlantic have, for several years, correctly been cited as the principal weak-

nesses of NATO's conventional force posture in the Center.

The degree to which Soviet forces and strategy have been deliberately tailored to exploit these weaknesses has, unfortunately, been less well publicized. In the event of conflict, the apparent aim of Soviet strategy is simple—to preclude NATO from bringing to bear in Europe its ultimately greater but typically less ready and more dispersed forces. To accomplish this, the Soviets and their Warsaw Pact allies have prepared to wage a short war of singular violence, preceded by little warning, and characterized by a massive blitzkrieg which seems aimed at overwhelming NATO forces deployed in the Center before they can be augmented from outside the European theatre.

Blitzkrieg is there, in the sheer magnitude of Soviet forces in Eastern Europe.

Blitzkrieg is there, in the concentration of the bulk of those forces—some twenty crack divisions—in East Germany, astride the North German Plain and within comparatively easy reach of critical objectives in NATO Center.

Blitzkrieg is there, in the Soviet Army's extraordinary emphasis on armor and mechanized infantry.

Blitzkrieg is there, in the maintenance of no fewer than seven airborne divisions.

Blitzkrieg is there, is an unsurpassed ability to rapidly negotiate rivers and other water obstacles.

Blitzkrieg is there, in the Soviet Army's high ratio of combat to support.

Blitzkrieg is there, in Warsaw Pact military exercises, which commonly feature preparatory missile and tactical air strikes followed by rapid exploitation by armor and mechanized infantry forces.

Blitzkrieg is there, in rates of sustained advance of 70 miles a day postulated in Soviet theatre warfare doctrine.

In sharp contrast are NATO, and particularly U.S. forces available for combat in the Central Region. NATO's posture continues to rely on a protracted war scenario preceded by warning time of sufficient duration to spare the Alliance the inconvenience of being interrupted during mobilization. This remains NATO's basic posture despite some commendable changes in U.S. and Allied force structure in recent years.

This reliance is manifest:

In the comparatively low combat-to-support ratios within NATO ground forces;

In the chronic shortage of ammunition and other consumables deployed in theatre;

And in the continuing maldeployment of NATO forces in Germany.

Each of these facets of our force structure properly may be viewed as compatible with the requirements of a protracted war conditioned by lower rates of attrition. However, they are not reconcilable with the more stringent demands of a short, sudden war of unprecedented violence—precisely the kind of war which the Soviets apparently intend to wage, if war comes. I believe some tough questions are in order for NATO.

Is it correct to assume that a military force which cannot survive the first twenty or thirty days of conflict can survive the first sixty or ninety days of conflict? What is the point of building into our force structure expensive deterrent against a long war if in the process we deny our forces the capacity to endure a short war? What would be the significance of a time-consuming naval campaign to secure sea lines of communication across the North Atlantic, if in the interim Soviet armor reached Belgium? What value would accrue to the attainment of theatre-wide air superiority on D+30, if the U.S. Army, Europe were crushed by D+15?

The numerous issues implicit in these questions are not new. However, the likelihood of a short as opposed to a long war has increased during the past several years. Indeed, recent developments strongly suggest that a future conflict in Europe between NATO and the Warsaw Pact is likely to be much shorter and more intense than even most of the prominent short-war theorists have envisaged.

What I'm saying in essence is this:

We do possess an adequate strategic nuclear deterrent.

We do possess an adequate tactical nuclear deterrent.

We do possess, in our vast industrial might and manpower resources, an adequate deterrent to protracted conventional war.

What we do not possess, and this is the focus of my remarks tonight, is an adequate deterrent to a short, intense conventional war.

Yet, the prospect of such a war has grown. First, Soviet forces in Eastern Europe have been substantially increased in the last five years, while the level of NATO forces immediately available for combat in the Central Region has remained comparatively static.

Second, the Soviets are moving toward a rough parity with the United States in the principal technologies associated with land forces. In so doing, they are on the road to realizing in full the potential always inherent in the Pact's numerical advantage.

Third, is the advent of precision-guided munitions, which has also enhanced the significance of the Pact's ponderance of forces. The virtual certainty of unparalleled losses of men and materiel in a combat environment dominated by such munitions suggests a conflict as short as it is violent. Success may well depend as much on an ability to absorb losses—a function of mass—as on a capacity to inflict them—a function of firepower.

Unfortunately, the price of the West's traditional technological supremacy has been a disinvestment in mass. This is not to deny the importance of technological superiority. It is to say, however, that:

At some point numbers do count.

At some point Technology fails to offset mass.

At some point Kipling's "thin red line of heroes" gives way.

I believe that the increase of Soviet forces in Eastern Europe coupled with Soviet attainment of rough technological parity in land warfare strongly suggests that a major revision of NATO strategy and force structure in the Center is in order. Failure to consider revision in light of the new threat now confronting NATO would be nothing short of irresponsible.

We now risk being caught as the French were caught in 1940—of having to say, as Nazi columns marched in lock-step down the Champs Elysee,

If only we had had sufficient warning

If only we had had time to mobilize

If only the enemy had waited until we were ready

If only the enemy had attacked where we wished them to attack

If only our Air Force could have gotten off the ground

If only we had studied enemy armor doctrine

If only we ourselves had understood how to use armor

Inherent in any such revision, first and foremost, would be a review of current force planning assumptions as to the likely duration of a future conflict in Europe and the amount of warning time NATO could prudently count on prior to the outbreak of hostilities. The Department of Defense currently projects, for planning purposes, twenty-three days' warning time followed by a conflict of thirty days to six months. These assumptions appear to be increasingly unrealistic in light of recent developments I have discussed. I believe that serious consideration should be given to posturing U.S. and NATO forces for an intense war of two or three weeks preceded by only a few days' warning, while at the same time retaining sufficient hedges in our force structure to deal with a war of extended duration. Thus, while not discarding the rationale behind current planning factors, we should hedge the bet implicit in them. With the economic power of the Western industrial world, the Soviets would be foolish indeed to risk a long war. For us to continue to focus our planning primarily on this unlikely scenario is to presume that the enemy will cater to our strength and ingore our weaknesses.

Second, the current strategy governing NATO forces in the center *also* must be altered to meet the demands of a short, intense war. Inherent in the current strategy is the loss of much of Germany and attendant demoralization of German military and civil authority. The strategy also rests upon a doubtful assumption that retreating NATO forces, which up to then had suffered the agony of defeat, could successfully halt, regroup, defeat, and eject from the Center a vastly larger enemy flushed with the thrill of victory.

Trading space for time works only if one has abundant space to trade and plenty of time to trade it.

As an alternative for consideration, why not force the Pact to wage the main battle along the Inter-German border? This would both preserve German territory and eliminate the need to mount a major counterattack to expel Soviet forces from the Ruhr and along the Rhine. It would also prevent dangerous concentrations of Warsaw Pact assault forces by compelling them to deploy for battle *before* crossing the inter-German border and permit NATO ground forces to launch local counterattacks across the border.

Third, the firepower currently available to NATO ground forces must be substantially increased. In the short term, this can be accomplished by procuring additional artillery, anti-tank and air defense systems, and by increasing the amount of ammunition stockpiled in the Central Region. Current stockpiles are woefully insufficient to sustain NATO forces for more than a few days at the kinds of expenditure rates which characterized the last Middle East war.

Fourth, the existing maldeployment of NATO ground forces in the Center should be corrected. The current disposition of forces in the Center is to no small extent a legacy of Allied logistics arrangements during World War II and of postwar occupation agreements. The result is that NATO continues to find itself weakest in the NORTHAG area, opposite which the Soviets have deployed the bulk of their forces in Eastern Europe, and the strongest in the CENTAG area, where the terrain is much less suitable for the blitzkrieg the Soviets are capable of waging. Moreover, in both NORTHAG and CENTAG, NATO's main ground combat forces are located far to the rear. Their present disposition virtually invites an unimpeded Pact advance to the Rhine. I am suggesting not only a northward redeployment of major U.S. forces but also the eastward relocation of major NATO combat units to their assigned wartime positions.

Fifth, a further shift of U.S. Army personnel in Europe from support to combat units should be considered. This would require shelving the notion that logistics support must remain exclusively national responsibility.

Finally, interoperability of arms and equipment within the Alliance must be relentlessly pursued. Whatever new directions in NATO strategy and force structure that may emerge during the next few years, the Alliance can no longer afford to pay the stiff

military and economic price of dependence upon a museum of national armaments inventories incompatible with one another. In this regard the Defense Department's recent decision to delay selection of the new main battle tank, pursuant to an agreement with Germany to develop interoperable major components for both the XM-1 and Leopard II, represents a positive milestone in what I hope will be progress toward comprehensive interoperability and standardization.

To conclude my remarks, NATO is confronted with a substantially altered threat in the Central Region. To meet that threat, significant changes in both strategy and force structure are necessary. This poses a great challenge and opportunity to reserve components. It is clear that reserve units which take three to six months to mobilize and train will not play a role in a conventional war lasting three to six weeks. On the other hand, our reserve components are a major hedge against a war lasting three to nine months and longer. After that period of time, mobilization of our industrial capability and the implementation of the draft must begin to supplement the active duty and reserve forces.

The challenge for the reserve components is to reorganize and restructure to meet this changing threat. This will mean considering and studying new concepts and roles for reserve forces. Perhaps some reserve units should be fully ready to go within 48 hours. Other reserve units perhaps need to be less ready than they are today to meet the protracted war scenario. Perhaps more reserve units should be affiliated with active duty units while others may need reorganization to provide skilled personnel to supplement both active and reserve units. Obviously, money, equipment, and personnel would have to be reallocated for these new reserve concepts.

Our National Guard and Reserve forces under these changing conditions are just as vital today to the survival of democracy as they have been in our past history. People like you leaders here tonight must address these new challenges and provide the new thinking, planning, and initiative needed to preserve the security of the United States.

Realization of the changes in strategy and force structure I have outlined here tonight will not guarantee an ability to "Git thar fustest with the mostest". However, I believe it would enhance NATO's capacity to "Get there in time with enough."

MINERALS AVAILABILITY

Mr. DOMENICI. Mr. President, two reports have been released which I feel merit the attention of my colleagues. One report is a General Accounting Office report entitled "Need to Develop a National Non-Fuel-Mineral Policy." The other is the annual report of the Secretary of the Interior under the Mining and Minerals Policy Act of 1970.

The GAO report deals with the Department of the Interior's implementation of the Mining and Minerals Policy Act of 1970. This act was intended to promote private development of the domestic mineral industry to reduce the U.S. reliance on nonfuel-mineral imports. GAO could not effectively evaluate the act's accomplishments, because Interior has not structured long-range goals and objectives concerning expected achievements and has not developed quantifiable standards as to what constitutes a strong and stable domestic mining industry, including criteria for defining an acceptable level of imports.

The report states:

Since passage of the act in 1970 the value of non-fuel-mineral imports, including processed materials of non-fuel-mineral origin, has increased. The United States depends on foreign sources, in whole or in part, for approximately 22 of the 74 non-energy-mineral commodities considered by the Department of the Interior to be most essential to our economy. Interior has predicted that by 1985 the United States will depend on imports for as much as half of its supplies of basic raw materials.

Interior has claimed that other laws, other agency programs, and other national objectives impede implementing the 1970 Act.

Mr. President, on February 5, 1975, I introduced S. 552, legislation to establish a Council on Minerals Policy which would study the various rules, regulations and laws and report on their impact on the minerals industry. Unfortunately, this bill did not receive consideration during the 94th Congress.

Our entire economy is based on minerals and the Congress must begin to deal with minerals availability before it becomes a crisis situation. Of particular concern currently, and likely to remain so in the future, is the problem of shortages caused by the political activities of some producer nations, particularly the developing countries. These producer nations have caused supply-demand imbalances in this country, for example, through their control of petroleum supplies. Similarly, the bauxite-producing nations have formally organized into what could become a producer cartel.

While in the past, the annual report under the Mining and Minerals Policy Act of 1970 has not reflected a concern over the producer nations' ability to form cartels, the 1976 report states:

Uncertainties have arisen from the organization of producer associations by foreign suppliers of bauxite, copper, iron ore, mercury, tin and tungsten. Although these producer groups have not yet been successful in cartelizing their respective supplies, their presence has increased the degree of uncertainty associated with foreign supplies.

Along with the changing international condition affecting the future availability of metals and nonmetallic minerals is a growing concern that further availability of metals and nonmetallic minerals is a growing concern that further development of the domestic resource base is not receiving sufficient encouragement.

It has been estimated that each $10 million worth of minerals put into the economy supports a quarter billion dollars in total economic activity. Since 1950, the United States, European, and Japanese economies combined have consumed more minerals than the world had produced previous to 1950. The United States is by far the largest consumer of minerals, totally and per capita. In 1975, with about 6 percent of the world's population, the United States consumed an estimated one-quarter of the minerals produced. The United States demands over 4 billion tons of new mineral supplies each year—about 40,000 pounds per person. This demand is continuing to grow and domestic mineral production is not keeping pace.

Since the oil embargo, the Congress has focused its attention mainly on the energy shortage, however, other minerals are also important to our economy. During this time, minerals problems have become increasingly widespread and acute.

In 1970, concern over increasing demand and the fact that imports supplied over 75 percent of U.S. needs for 20 different minerals lead to enactment of the Mining and Minerals Policy Act. The legislative history of the act makes it clear that the Congres intended an equal emphasis to be placed on fuel and nonfuel minerals. This has not been done.

In summary, Mr. President, it is clear to me, as I am sure it is to many of my colleagues, that the inability of the Federal Government to focus on the real and pressing problems of minerals availability has become acute. It has become so acute that we can accept nothing short of an executive reorganization which will provide a high level policy examination of these problems and their solutions. This is the kind of restructuring of the Federal apparatus contained in my bill S. 522. I fully intend for however long I may be a Member of this body to continue to pursue diligently and with determination.

GOVERNMENT AS EMPLOYER OF LAST RESORT: A FALLACIOUS NOTION BEHIND S. 50

Mr. FANNIN. Mr. President, there are many sound economic reasons for opposing S. 50, the Humphrey-Hawkins bill, not the least of which is that in order to even attempt to reduce the unemployment rate to 3 percent, as the bill purports to do, it would cost the American taxpayers billions of dollars to create new jobs and billions more to pay for the ensuing inflation. To me, the most troublesome aspect of the so-called Full Employment and Balanced Growth Act and other such job-creating schemes, is the notion that the Federal Government should always be "the employer of last resort."

Concerning this concept behind S. 50, Dr. Murray Weidenbaum, director of the Center for the Study of American Business at Washington University has written:

It is foolish to base government policy on the assumption that inflation will go away if we only can achieve full employment. There are ways to create more jobs. It does the nation no service, however, to ignore how difficult it is to reduce unemployment without worsening inflation. . . . Because the government already makes the private job creation process so difficult, the major thrust of the bill is to substantially increase the size of the public sector of the economy at the expense of the private sector.

Mr. President, the editors of the Phoenix Gazette have wisely pointed out that—

Last resort hiring is bound to accelerate inflation. To meet these last resort payrolls, the government must raise taxes. This, in turn, squeezes out investment capital, thus reducing employment in the private sector and driving more and more workers into the arms of the government's "last resort."

The Gazette concluded:

Far from being a way to achieve full employment and balanced growth, Humphrey-Hawkins is a prescription for inducing economic collapse.

Mr. President, I ask unanimous consent that the article by economist Murray Weidenbaum which appeared in the Los Angeles Times on June 27, 1976, be printed in the RECORD. I call attention to Dr. Weidenbaum's excellent economic analysis of the Humphrey-Hawkins bill and his prescriptions for congressional action to reduce unemployment without substantially increasing the role and scope of Federal power. I also request unanimous consent for including in the RECORD the Phoenix Gazette editorial of August 2, 1976, " 'Last Resort' Fallacy."

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

[From the Los Angeles Times, June 27, 1976]

VAGUE, EXPENSIVE: BILL WOULD FURTHER INFLATE THE PUBLIC SECTOR

(By Murray Weidenbaum)

To oppose the Humphrey-Hawkins bill has become the economic equivalent of attacking the Flag and apple pie. After all, who is not in favor of more jobs and balanced growth?

But, I must quickly add, I do not support the bill. Despite its good intentions, it would base national policy on a combination of wishful thinking, vague directives and avoidance of problems.

Amazingly, the bill contains not one word about deficit spending as a basic cause of inflation. The inflation problem is ascribed primarily to high unemployment. It is foolish to base government policy on the assumption that inflation will go away if we only can achieve full employment. There are ways to create more jobs. It does the nation no service, however, to ignore how difficult it is to reduce unemployment without worsening inflation.

Frankly, it is hard to pick out the most striking example of vagueness in the Humphrey-Hawkins bill, because there are so many sections to choose from. My favorite is the uncertainty about how much the bill will cost; no price tag is given for this extensive piece of legislation. Someone else may prefer the section that confers on the President the obscure but powerful mandate to determine our national priorities.

Then again, there is the section stating that if any inflationary problem results, the President should come up with a plan for handling it.

But the most important problems neglected by the Humphrey-Hawkins bill are in the employment area. The proponents forget that financing large budget deficits reduces the money available for capital formation (new factories, production equipment, etc.) which is fundamental to creating jobs. The bill does refer to encouraging "the optimum contribution of the private sector." But nowhere is there any mention of the numerous government activities that reduce the ability of the private sector to provide jobs—the adverse effects of the tax system on private saving and the negative effects of regulation on private employment.

Strip away the verbiage and the heart of Humphrey-Hawkins is the section which provides that adults seeking employment who do not otherwise have jobs shall be provided with "job opportunities" by the President of the United States, "through reservoirs of federally operated public employment projects and private non-profit employment."

This, of course, is the sweeping notion of the government as employer of "last resort." Because the government already makes the private job creation process so difficult, the major thrust of the bill is to substantially increase the size of the public sector of the economy at the expense of the private sector.

Some passages of the bill are beyond my understanding. Page 12 refers to ". . . environmental improvement policy and programs required for full employment and balanced growth, and required also to combat inflation by meeting full economic levels of demand . . . "The difficulty with this section is not the authors' poor literary ability, but their failure to recognize the hard choices that must be made.

A cleaner environment, full employment and less inflation are all desirable objectives. But it is most unhelpful to ignore the basic problem that advancing any one of these objectives often interferes with achieving the others. No matter how desirable it is on ecological grounds, closing down a factory that pollutes is likely to increase, not reduce, unemployment.

It is not enough to describe the shortcomings of the Humphrey-Hawkins bill. Its basic popularity does not derive from the merits of the bill itself. The attention being given it reflects the national desire to bring down the unemployment rate. The decrease in unemployment from 8.9% in May 1975 to 7.3% this past May was important but not enough.

What should be done? Our present high unemployment stems from the efforts in recent years to reduce an extremely high and damaging inflation rate. Those efforts were both necessary and successful; the inflation rate has been cut by more than half.

Unfortunately, the proponents of the Humphrey-Hawkins approach have forgotten this sequence of events. At the heart of the bill are programs that would accelerate inflation via greater deficit spending. We must learn from experience. The way to achieve a sustainable, high level of employment is not via a stop-and-go policy of first overheating the economy and then cooling it off with tight monetary and fiscal policies.

The existing policy of moderate economic stimulation is the more sensible approach, and it is working. It has succeeded in bringing down inflation while simultaneously reducing the unemployment rate. This course of action may not appeal to the impatient, but it continues to be the most effective way of providing a rising level of jobs without reigniting a fierce inflation.

On the positive side, there are many actions which Congress should take to increase the availability of productive jobs. To begin, Congress should change the current policies which interfere with the job creation process in the private sector. Our income tax system encourages consumption rather than saving. The federal tax system should be reformed to increase the flow of private savings to provide the investment funds needed to increase the availability of jobs.

To deal with inflation and unemployment simultaneously, Congress should recognize the extent to which many government regulations, often unwittingly, reduce the availability of productive jobs. Specifically, that statutory obstacle to rising employment—the compulsory minimum wage law—should be eliminated, especially for teen-agers. A study published by the Center for the Study of American Business showed that one recent increase in the federal minimum wage law priced over 300,000 teen-agers out of the labor market. The teen-age unemployment problem is a classic case of government pressing down on the accelerator without releasing the brake. In the Humphrey-Hawkins bill, the major response to all unemployment problems, however, is in terms of increasing the federal job role.

The course of action I am urging would require Congress to make hard choices and take unpopular positions, but the public welfare is not served by ignoring the real difficulties that face our society. That welfare is not enhanced by a bill which would have Congress take all the actions which, at least in the short run, seem to be popular (new spending programs) and impose on the executive branch, the onus of dealing with their adverse consequences, notably inflation. Supporters of bills such as Humphrey-Hawkins should reflect on the bitter experiences resulting from the over-promising of the "Great Society."

[From the Phoenix Gazette, Aug. 2, 1976]

"LAST RESORT" FALLACY

The Full Employment and Balanced Growth Act, commonly known as the Humphrey-Hawkins bill, is based on the premise that the federal government should be the employer of "last resort."

In theory this sounds eminently sensible. Designating the government as the employer of last resort suggests that every other source of employment, in both the private and public sectors, will be tapped to provide jobs.

Finally, when all the other possibilities for jobs have been exhausted, the government will step forward and create jobs as a last resort to bring the unemployment rate down to 3 per cent.

As with so many of the liberals' social welfare programs during the last 40 years, what sounds so good in theory in the Humphrey-Hawkins bill is all too likely to turn out bad in practice.

No matter how they may be dressed up, the "last resort" jobs will be of the make-work variety, which is to say, not genuinely productive in either goods or services, private or public.

Moreover, the mere presence of this "last resort" option hanging like a cloud over the labor market would act as a sort of depressant on hiring. Why strain to meet legitimate work needs when Uncle Sam stands ready to fill any and every job hole that can be dreamed up, and—most important of all—meet the payroll out of the coffers of the U.S. Treasury (read that, taxpayers' pockets)?

Further operating to make last resort hiring bad in practice would be the provision in the Humphrey-Hawkins bill requiring those the government hires under this program to be paid the "prevailing wage." This would prove to be a terrible disincentive for the unemployed to seek jobs in the private sector. Again, why strain to look for a real job when good old Uncle Sam stands ready to give you one that pays just as well, and which would require little if any effort to keep?

As the last resort employer, the government is not going to lay anyone off, no matter how poor the performance, as long as they put time in on the job.

Worst of all, last resort hiring is bound to accelerate inflation. To meet these last resort payrolls, the government must raise taxes. This, in turn, squeezes out investment capital, thus reducing employment in the private sector and driving more and more workers into the arms of the government's "last resort."

Far from being a way to achieve full employment and balanced growth, Humphrey-Hawkins is a prescription for inducing economic collapse. The bill deserves to be soundly rejected.

NATIONAL ACADEMY OF SCIENCES REPORT ON HALOCARBONS: ENVIRONMENTAL EFFECTS OF CHLOROFLUOROMETHANE RELEASE

Mr. DOMENICI. Mr. President, last month the Senate passed the Clean Air Act Amendment embodied in S. 3219. Part of the debate during consideration

of that bill centered on the question of regulation of halocarbon—flourocarbon—emissions, primarily from aerosol containers. As you will recall, the Senate rejected attempts to amend the bill reported by the Public Works Committee and adhered to the regulatory and research plan contained in that bill.

As one who strongly defended the committee bill, I am pleased to advise my colleagues that a report released today by the National Academy of Science supports the propriety of the Senate's action relative to halocarbon regulation. This report, which is the product of a lengthy and deliberate scientific study, is entitled "Halocarbons: Environmental Effects of Chlorofluoromethane Releases."

The main point of controversy during consideration of the ozone protection and research provisions of S. 3219 related to the manner and timing of regulation. The committee bill set in place a specific regulatory framework with standards for implementation of a flexible regulatory scheme to meet the health threat found to exist by a comprehensive research and monitoring program already underway. Other Senators felt that we must move ahead now by imposing a ban on the use of aerosal containers utilizing halocarbons, such ban to be effective within a relatively short time unless within that time the Administrator of the Environmental Protection Agency found that halocarbons presented "no significant risk." On August 3, Senators BAKER and BUCKLEY joined me in a "Dear Colleague" letter outlining our reasons for opposing an "upfront, negative ban" on aerosols. I request unanimous consent that a copy of that letter be printed in the RECORD at the conclusion of my remarks, to be followed, Mr. President, by pages 1–1 through 1–11 of the executive summary of the NAS report so that it may be compared directly with the thrust of our colleague's letter.

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

(See exhibit 1.)

Mr. DOMENICI. It is important to note that the Senate bill fits extremely well into the recommendations contained in the NAS report. Accordingly I commend my colleagues for passing legislation which is supported by the finding of the National Academy of Sciences on a matter of great importance and tremendous complexity. I also highly commend the National Academy of Sciences on this report, particularly those members and employees who participated diligently in this effort. The Congress and the Nation are the beneficiaries of the work of the Academy and we are once again indebted for their continued guidance and assistance.

EXHIBIT 1

WASHINGTON, D.C.,
August 3, 1976.

DEAR COLLEAGUE: During consideration of the Clean Air Act Amendments of 1976 (S. 3219) on Wednesday, August 4, or Thursday, August 5, the Senate will take up the issue of protection of the ozone atmospheric shield. Preliminary scientific research has indicated that fluorocarbon emissions from aerosol containers and refrigeration systems may adversely impact the shield. Therefore the Committee has provided for careful evaluation by competent scientific experts and directed the Administrator of the Environmental Protection Agency to regulate these emissions if scientific evaluation indicates they may reasonably be anticipated to contribute to an endangerment of public health.

We are firmly convinced that the Committee's approach is consistent with the overwhelming weight of testimony presented in our hearings. It would not risk the public health or welfare and moreover, it would not incur the economic and employment disruptions resulting from an immediate ban of aerosol products. It would provide the EPA Administrator with the authority to regulate aerosol products anytime he believes there to be a risk to the public health or welfare.

We understand that Senator Packwood and Senator Nelson will be offering amendments which would impose a ban upon aerosol containers unless the EPA specifically finds that such containers pose no risk to public health and welfare. Senator Nelson's amendment would ban such products as of January 1, 1977 unless EPA finds that they pose "no unreasonable risk" to public health, safety or welfare. Senator Packwood's amendment would ban them as of January 1, 1978, without a finding of "no significant risk".

We feel the Senate should reject the "negative burden" approach prescribed by these amendments, for the same reasons the Senate Public Works Committee rejected it. The weight of evidence on the issue indicates (1) that current scientific knowledge about stratospheric ozone is incomplete, (2) that more information is needed before a reasonable conclusion can be drawn as to the validity of the fluorocarbon-ozone depletion theory, (3) that there is time to gather that information without incurring significant environmental risks, and (4) that such information is, in fact, being acquired and will be available for a timely decision regarding regulation of fluorocarbon emissions.

We therefore urge that you support Section 16 of the Committee's bill and oppose the Packwood, Nelson, and other similar amendments.

Sincerely,

PETE V. DOMENICI,
JAMES L. BUCKLEY,
HOWARD H. BAKER, Jr.

EXECUTIVE SUMMARY

This summary is divided into Findings, Conclusions, Recommendations, the Problem of Regulation, and Background. A fuller understanding of the Findings and Recommendations will usually require a reading of the Background. (References to Chapters and Appendixes related to individual findings are also included; these can further supplement the Background.)

Two chlorofluoromethanes, F–11 and F–12, have been produced in increasing amounts and used, worldwide, for a diversity of purposes, including spray-can propellants, working fluids for air conditioners and refrigerators, and agents for producing certain solid plastic foams. In this report, CFMs will refer specifically to these two compounds (and will not include other chlorofluoromethanes).

In June 1974, the Federal Task Force on Inadvertent Modification of the Stratosphere (IMOS, 1975) reported:

"The task force has concluded that fluorocarbon releases to the environment are a legitimate cause for concern. Moreover, unless new scientific evidence is found to remove the cause for concern, it would seem necessary to restrict uses of fluorocarbons–11 and –12 to replacement of fluids in existing refrigeration and air-conditioning equipment and to closed recycled systems or other uses not involving release to the atmosphere.

"The National Academy of Sciences is currently conducting an in-depth scientific study of man-made impacts on the stratosphere and will report in less than a year. If the National Academy of Sciences confirms the current task force assessment, it is recommended that the Federal regulatory agencies initiate rulemaking procedures for implementing regulations to restrict fluorocarbon uses. Such restrictions could reasonably be effective by January 1978—a date that, given the concern expressed now, should allow time for consideration of further research results and for the affected industries and consumers to initiate adjustments."

In preparing this report, the Committee on Impacts of Stratospheric Change has felt that its responsibilities, as a body of scientists charged with preparing an honest assessment of the evidence, included doing the best it could to distinguish among three possibilities:

1. The scientific evidence for the proposed consequences of CFM releases is demonstrably sound and gives reasonably certain answers;

2. The scientific evidence for the proposed consequences of CFM releases when carefully examined is coherent but leaves us with a substantial range of uncertainty;

3. The scientific evidence for the proposed consequences of CFM releases contained fundamental flaws that are not immediately repairable.

To try to distinguish only between the first and third of these would be to neglect a real, and possibly important, contingency. As discussed briefly just after our recommendations, the scientific picture has changed considerably during the 14 months since the issuance of the IMOS report.

In thinking about CFMs, it is important to recognize that they are a worldwide problem. Whatever is released is, before long, mixed throughout the atmosphere. Rather less than half of the 1975 uses and releases came from the United States, rather than half from other countries. Total cessation of uses in the United States would not quite halve uses and releases worldwide. Halving worldwide releases could more reasonably happen by halving uses and releases in all heavily using countries.

Just as the United States took the lead in pioneering the varied uses of CFMs, so too if there is to be worldwide control of CFM uses and releases, the United States will have to take the lead here also, when and if this is appropriate: The Congress and the Executive Branch will thus need to consider the effect of their decisions in encouraging similar actions by other countries, whose own decision will affect more than half of present releases and thus more than half of any change in impact of CFMs on the United States.

FINDINGS—EFFECTS OF CFM RELEASE

We find that—

(A) The accumulation of CFMs in the atmosphere, at all levels, increases the absorption and emission of infrared radiation. This retards heat losses from the earth and thus effects the earth's temperature and climate. The amount of change in infrared absorption and emission is well known, but both the amount and details of the further effects on the earth's climate are uncertain. This CFM effect is inevitably combined with the effect due to increasel CO_2 and acts in the same direction. (See also Chaper 6.)

(B) CFMs, after release at the surface of the earth, mix with the atmosphere and rise slowly into the stratosphere, where they are decomposed by the sun's ultraviolet radiation. Chlorine atoms (Cl) and chlorine oxide (CO), produced directly or indirectly by this decomposition, then react to remove ozone (catalytically), reducing the total amount of ozone and somewhat shifting the

distribution of ozone toward lower altitudes. As a consequence (see also Chapter 5):

More biologically active ultraviolet (DUV) reaches the earth's surface.

The temperature distribution in the stratosphere is somewhat altered.

The reductions in ozone take place over a long time, individual release of CFMs having effects spread over decades.

(C) The extent of ozone reduction attributable to CFMs has not been measured. Because of the natural variations in the amount of ozone above us, much larger than any ozone reduction so far caused by CFMs, direct verification of CFM effects will not be feasible for at least several years. (See also Chapter 5.)

(D) At the moment, the ozone reduction and consequent DUV increase corresponding to a given CFM release is uncertain by a large factor. Continued release at the 1973 level, the usual example, is calculated to give an ultimate reduction in ozone of about 7 percent, where "about 7 percent" is relatively certain to be between 2 percent and 20 percent. This range does not allow for possible inadequacies of the bases of the calculation. Three of the possible kinds of inadequacies may be cited as examples: (1) essential chemical reactions not so far recognized as such, (2) the possibility of unexpected effects of tropospheric sinks (many possible sinks have been studied carefully), (3) possible important inadequacies in the one-dimensional transport models. (See also Chapter 5.)

(E) Continued CFM release at 1973 levels could by the year 2000 produce about half of the direct climatic effect caused by CO_2 increase over the same period, although the magnitude of both effects on climate is less certain. Thus, the CFM effect may well deserve serious concern. (See also Chapter 6, especially Table 5.)

(F) In our present state of knowledge, it would be imprudent to accept increasing CFM use and release, either in the United States or worldwide. (Recent reductions in CFM releases are ascribed by some to economic conditions and by others to consumer pressure, real or anticipated.) (See also Chapters 5, 6, and 7.)

However, we also find that—

(G) Advances in our knowledge of climate mechanisms over the next two years will improve our assessment of both climatic effects due to CFMs (through ozone reduction and displacement and through infrared absorption), but these advances cannot be expected to make our assessment of the climatic effects as precise as our assessments of ozone reduction and DUV increase. (See also Chapter 6.)

(H) The range of uncertainty about the amounts of ozone reduction and DUV increase consequent on a given CFM release pattern can be considerably reduced during the next two years; new stratospheric measurements (particularly those from the substantial program supported by the National Aeronautics and Space Administration), measurements of atmospheric CFMs, and improved laboratory measurements will contribute to this. More importantly, the possibility of unexpected inadequacies in the basis of our calculations will be greatly reduced by more extensive and better measurements. (See also Chapter 5.)

(I) Many other improvements in our knowledge can be attained over the next five to ten years, if we push hard to do this (see page 1–17), but others will take still longer to attain. (See, for example, Chapter 7.)

HOW SLOWLY DO THINGS HAPPEN?

We find that—

(J) If CFM uses and releases were to continue at a constant rate, the ozone reduction and consequent DUV increase would gradually flatten out, approaching a steady state. To reach half of this value would take roughly 50 years. In particular, if constant CFM releases at the 1973 rate are to give 7 percent ultimate reduction of ozone, this reduction will initially increase at about 0.1 percent a year, reaching 3.5 percent after roughly 50 years. (See also Chapter 5.)

(K) If the rate of CFM release, after continuing at a constant rate, were drastically reduced at any time in the next decade, say halved or eliminated, and then continued at the drastically reduced rate, ozone reduction and consequent DUV increase would continue to increase for at least a decade after the drastic reduction. It would then decrease, if releases had been nearly eliminated, by roughly 1/70 of its current value each year, taking roughly 50 years to fall back to half its peak value. (See also Chapter 5.)

(L) If CFM use and release were to continue at a constant rate, the amount of direct climatic effect would also flatten out, approaching a steady state, again reaching half of this value in about 50 years. The increase of infrared absorption and emission would similarly reach half of its ultimate value in about 50 years. Resulting climatic effects might be further delayed because of slowness in response in the climatic mechanism. (See also Chapter 6.)

(M) If the rate of CFM use and release were nearly eliminated at some date, the increase in infrared absorption and emission would, by contrast, begin to decrease immediately, with any delays arising only from the climatic mechanism itself. It would then decrease by roughly 1/70 of itself each year taking roughly 50 years to reach half of the value in cutoff. (See also Chapter 6.)

WHAT ARE THE IMPACTS?

We find that—

(N) The major effects of DUV increase due to ozone reduction could involve—

Increased incidence of malignant melanoma, a serious form of skin cancer frequently causing death, and thus an increase in mortality from this cause (see also Chapter 8 and Appendix A);

Increased incidence of basal- and squamous-cell carcinomas, less serious but much more prevalent forms of skin cancer, rarely causing death but causing much expense and, occasionally, more or less serious disfigurement (see also Chapter 8);

Effects on plants and animals of unknown magnitude (see also Chapter 7 and Appendix C).

Whether the first of these effects, melanoma increase, will occur is not firmly proven, but the evidence of its plausibility is now strong enough for it to be treated as a serious health hazard. The second effect, nonmelanoma increase, is relatively well established, and its amount reasonably assessable (see Climatic Impact Committee, 1975, pages 41 to 45). The third group of effects, action of DUV increases on plants and animals, is only beginning to be explored. For the present there is good reason for a strong concern to know more about this third group of effects, but, as yet, there is no clear indication of their seriousness.

(We are unlikely to make major strides in our knowledge of the connections, actual or potential, between DUV increase and any of these major effects during the next two years, although it is important to continue active work in each of these directions.)

(O) If the increased infrared absorption and emission due to the presence of CFMs in the atmosphere were to alter our climate by small amounts, the most important effects would be on agriculture, particularly through the boundaries of the regions in which particular crops can be grown effectively. (Other agricultural effects are possible.) (See also Chapters 6 and 7.)

[The influences of small climate changes on agricultural production are not easy to assess (see Climatic Impact Committee, 1975, pages 58–63), but the uncertainties here are less than those in the amount of climate change consequent on a given release of CFMs.]

WHAT ABOUT CFMS?

We find that—

(P) Worldwide, CFM uses and releases grew by about 10 percent a year through 1974. They decreased by about 15 percent in 1975. Recently, about half of the uses and releases have come from the United States. Most, but not all, of the 1975 decrease came from decreased use in the United States. (See also Chapter 5.)

(Q) The various uses of CFMs are of very different magnitude and of very different importance to human life, including human health. Home refrigeration of food, at one extreme, is important to human health and accounts for less than 1 percent of all releases. CFM uses in aerosol sprays, at the other extreme, are mainly replaceable by other dispensing techniques or by other propellant substances, at some loss in convenience, efficiency, or safety, and amount to about three quarters of all releases. (Some aerosol uses, including some for medical purposes, deserve special consideration.) (See also Appendix D.)

WHAT ARE THE PENALTIES OF DELAY?

(R) When the time history of past releases is considered, and based upon an ultimate ozone reduction of 7 percent (central value of 2 percent to 20 percent range), whether a halving in CFM use and release were to take place in 1977 or in 1979 would alter the ozone reduction at any later date by no more than 1/6 percent (central value of a 1/18 percent to ½ percent range). The difference in ultimate ozone reduction, if uses and releases continued at the halved level in each case, would be less than 1/10 of a percent (central value of a 1/30 percent to ¼ percent range). (See also Chapter 5.)

(S) Whether a halving of CFM use and release were to take place in 1977 or in 1979 would alter the total amount of CFMs in the atmosphere by no more than 10 percent of the amount now present—by no more than 10 percent of an amount whose climatic effects are probably undetectably small. (See also Chapter 6.)

CONCLUSIONS

Selective regulation of CFM uses and releases is almost certain to be necessary at some time and to some degree of completeness. Neither the needed timing nor the needed severity can be reasonably specified today. Costs of delay in decision are small, not more than a fraction of a percent change in ozone depletion for a couple of years' delay. Measurement programs now under way promise to reduce our uncertainties quite considerably in the near future.

RECOMMENDATIONS

Accordingly—

1. As soon as the inadequacies in the bases of present calculations are significantly reduced, for which no more than 2 years need be allowed, and provided that ultimate ozone reductions of more than a few percent then remain a major possibility, we recommend undertaking selective regulation of the uses and releases of CFMs on the basis of ozone reduction.

2. We recommend that, as soon as appropriate legislative authority is in place, as well as every three to five years thereafter, our current knowledge of the importance and the certainty or uncertainty of the direct climate effect be reviewed, so that appropriate decisions can be taken about regulation of CFM uses and releases on the basis of this effect. In so doing, the effects on CFM increases should be considered in the light of the effects of CO_2 increases with which they are inevitably combined.

3. Whenever regulation is undertaken, we

recommend that it should be selective, treating one use differently from another, both as to whether a particular use is to be excepted from regulation or not and as to the time allowed for compliance with regulation. (See also Chapter 4 and especially Appendix A.)

4. Legislative authority may not now be adequate among other things to (a) regulate the uses of CFMs selectively, (b) regulate the handling of CFMs (as in repairing auto air conditioners, for example), and (c) regulate CFMs on the basis of threats to plants and animals important to human life (either through DUV increases or climate changes) rather than on the basis of threats to human health. We recommend that immediate steps be taken, first to determine what inadequacies in legislative authority exist and then to eliminate, through additional legislation, those that exist.

5. Since carefully informative labeling would allow consumers an opportunity to distinguish, for example, CFM-propelled aerosols from aerosols using other propellants, we recommend that legislation be enacted requiring labeling of all products containing the CFMs F-11 and F-12 and not intended to remain under seal during use. (Aerosol cans and refill containers for air conditioners and refrigerators would then require labels; automobiles and refrigerators themselves would not.) Labeling should in no sense be regarded as a substitute for regulation but rather as an aid to consumer self-restraint in the use of CFMs and to consumer preparation for possible later regulation.

6. In view of the present inadequacies in the bases of our calculations, in view of the reduction in these inadequacies promised by ongoing measurement programs, and in view of the small changes in ozone reductions following from a year or two delay, we wish to recommend against decision to regulate at this time. (See also The Problem of Regulation, below.)

7. When and if regulation is decided upon by the United States, similar action by other countries should be encouraged by whatever appropriate means are most likely to be effective.

We also make the following recommendations:

8. Since both further laboratory studies and, especially, well-enough planned measurements in the atmosphere, can do much over the next few years to improve the basis for well-chosen regulation, we recommend that laboratory studies and atmospheric measurements should be given an appropriately high priority. (See also chapter 2.)

9. Since there are at least two important areas—

9(a) The mechanisms of climate determination and climatic change,

9(b) The effects of increased (or decreased) biologically active ultraviolet radiation on plants and animals,

where we still lack an adequate scientific foundation, and since adequate foundations cannot be constructed by short-term "crash" programs, longer-term research programs, extending over several years and guided by the consensus of the best scientific minds available, should be established and adequately funded in each such area as a matter of urgency. (See also Chapter 2.)

10. Since learning to identify population groups with drastically higher susceptibility to melanoma (and to other skin cancers) will greatly increase the efficiency and effectiveness with which individuals can be taught to protect themselves, it is urgent to undertake a program of learning better to identify such susceptible groups. (See also Chapter 2 and Appendix E.)

11. Information about the relative releases of CFMs from different uses would be so essential, if and when control of CFM release becomes appropriate, that vigorous efforts should be made to provide such information on a continuing basis.

12. Since ultraviolet-induced skin cancer will continue to present a serious health hazard, we need to study possible preventive medicine actions carefully, without regard to the effectiveness of CFMs in reducing ozone or decisions about their regulation. (See also Chapter 2 and Appendix E.)

THE PROBLEM OF REGULATION

This report makes two things clear. The impact on the world of waiting a couple of years before deciding whether or not to regulate the uses and releases of F-11 and F-12 is small although we are uncertain just how small. The impact on industry of a ban on uses of F-11 or F-12 in most types of spray cans would be appreciable. Against a background of a possible, although very small, change in world climate, however, the industrial impact does not loom large.

This Committee in meeting its responsibilities to assess what is scientifically known has focused on uncertainty about the adequacy of the bases of our calculation and recommended a brief delay before decision. Some scientists, emphasizing the possible critical importance of even small effects on climate and the relative unimportance of many spray-can uses, might well urge immediate decision to regulate, although authority to regulate on the basis of climate effects seems still to be lacking.

The report sets out what is known and, as best as this can be judged, with what amount of uncertainty it is known. The choice of when to make decisions about regulation is a political one in the highest sense of that word. The ultimate balance—between increased impact on industry and on spray-can uses, on the one hand, and possibly climatic impacts and more certain skin cancer increases, both very small for a short delay, on the other—has inevitably to be made by those who decide for the whole of each country concerned, in the United States by its Congress and President.

The report stresses the fundamental importance, clearly illustrated in this case but much more widely applicable, of conducting such regulation use by use. It is not sufficient to label a substance "good" or "bad." We often need, as we do here, to look use by use to see how important each is to human living—often, as here, to human health—and compare this with the size of the unfavorable impacts from that use. To begin to do this is not easy, but our world is complex enough to force us to face such difficulties more and more frequently.

Having laid open the facts as best it can and stressed the fundamental importance of regulation use by use, the scientific community as represented through the National Academies of Sciences and Engineering and the National Research Council, can, we believe, properly leave decisions about timing, in this country, to the Congress of the United States. (Individual scientists and engineers will no doubt wish to participate in the debate from a variety of points of view.)

STATE LEGISLATORS BACK CONTINUED U.S. SUPPORT OF FREE CHINA

Mr. FANNIN. Mr. President, I have before me a resolution in behalf of continued strong U.S. relations with the Republic of China.

This resolution, adopted unanimously by State legislators who are associated with the American Legislative Exchange Council, was personally delivered on August 30, 1976, by Arizona State Senator James Mack of Tempe to the offices of Secretary of State Henry Kissinger, Vice President ROCKEFELLER, the President of the Senate and House Speaker, CARL ALBERT.

Mr. President, the American Legislative Exchange Council is a nonpartisan nationwide association of State legislators, who are dedicated to preserving individual liberty, basic American values and institutions, productive free enterprise, and limited representative government.

The United States should maintain full diplomatic relations and defense commitments with the Taiwan Government. Our commercial and cultural exchanges as well as our defense commitments are vital to our long-term Chinese ally. Taiwan has been a valuable trading partner for the United States, providing us cultural and material products which are unavailable in the Western World.

Mr. President, I ask unanimous consent that the resolution of the American Legislative Exchange Council in support of free China be printed in the RECORD.

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

THE AMERICAN LEGISLATIVE EXCHANGE COUNCIL URGES THE PRESIDENT AND CONGRESS OF THE UNITED STATES TO MAINTAIN CLOSE RELATION WITH THE REPUBLIC OF CHINA

Whereas, the Republic of China has been a continuous and faithful ally of the United States, supplying both moral and economic support to the benefit of both nations; has provided our country with strategic military defense of the eastern part of the world; has made every effort to develop a free enterprise-based democratic form of government; has pledged its human and economic resources to the defense of free people everywhere; and the cultural interchange between the Republic of China and the United States has benefited both nations:

Now, therefore, be it resolved, That members of the American Legislative Exchange Council strongly urge—

That the President and Congress of the United States make every effort to develop better social and economic relations with the Republic of China:

That the President and Congress of the United States do not in any way detract from our diplomatic relations with the Republic of China, and not concentrate efforts on development of a temporary and precarious relationship with the Communists of Red China.

FUMBLING THE DEFENSE ISSUE

Mr. GOLDWATER. Mr. President, I know that all Americans are looking forward eagerly to the coming debates between the President and Governor Carter. Having been interested in the military most of my life I, naturally, lean more toward the debate on national defense than I do the others, and I am hopeful that both men can keep this discussion on the keel it must be on if the American people are going to realize just what it is that faces us if we allow ourselves to become a second-rate power. I know there are many Members of Congress who state that they are not attempting to cut the budget, they are not attempting to weaken the United States, but I do not care what kind of excuses they come up with, when they deny the U.S. weapons that are badly needed, they are denying the United States the ability to keep peace in this

world. I have heard some arguments made that there is waste in the Pentagon and I would remind these people that there is waste all the way through Government and the best way to get this waste cut down any place is for the Congress to do its job.

Mr. Robert Hotz writing in Aviation Week & Space Technology on September 13 has written an excellent editorial entitled "Fumbling the Defense Issue." I ask unanimous consent that this be printed in the RECORD.

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

FUMBLING THE DEFENSE ISSUE

National defense has surfaced strongly as one of the major issues of the 1976 presidential election campaign between President Gerald Ford and his challenger, Gov. Jimmy Carter. It is encouraging that this vital issue of defense has assumed such an important role so early in what promises to be a spirited contest complete with national television debates. It is discouraging, however, to see both candidates and their parties fumbling the issue badly and shadow-boxing with outdated rhetoric that indicates they have no real conception of the rapidly developing realities of the Soviet technological threat.

Sen. Walter Mondale, the Democratic vice presidential candidate, leaped into the defense debate recently in San Francisco with a series of cliches that reflect faithfully the views of that band of liberal Democratic senators—Humphrey, Kennedy, Proxmire, Mansfield and McGovern—who regard most defense matters as inherently bad and have an apparently unbounded faith in the Soviet Union's good faith and goodwill. These senators, including Sen. Mondale, by their votes on key defense issues over the past few years have inflicted more irreparable damage to the U.S. defense posture than any foreign enemy. Their consistent votes to take the U.S. defense posture even below the already unbalanced SALT 1 levels have provided the Soviets with an incredible windfall and powerful new leverage for ongoing negotiations. Their vote to demolish unilaterally the sole U.S. anti-ballistic missile operational installation and cut ABM advanced research, while extracting no similar actions from the Soviet, will go down in history as an act of incredible folly. Sen. Mondale and his cohorts cannot erase their votes on that measure and should be held accountable.

Gov. Carter, who makes much of his youthful Navy service on the early nuclear submarines, indicates by his recent speeches that he too has only a vague and flimsy grasp of the real defense issues facing this nation with its gravest foreign threat since the War of 1812. Although he has some capable defense advisers in Paul Nitze and Elmo Zumwalt, he apparently has difficulty understanding what they are trying to tell him. Instead, he seems to be picking up sheaves of defense position papers prepared by the armchair academic experts of the Brookings Institution in Washington—the same people who think the B-52 fleet of the Strategic Air Command can fly forever.

There is certainly some merit in the case for some of the administrative military reforms echoed by Gov. Carter and some defense budget savings can be effected by their implementation. But nowhere in his extensive discussion of the defense problem is there any evidence that Gov. Carter understands the extremely grave dangers from the Soviet Union's massive qualitative buildup that is growing every hour he orates.

This is a genuine and fast-moving trend for which hard evidence can be found across the spectrum from under the sea to outer space. Until Gov. Carter demonstrates some sign that he has some comprehension of this problem, he will not merit his fellow citizens' endorsement of his self-appraised leadership qualifications.

In the case of President Ford, the fumbling of the defense issue is both inexplicable and tragic. In many ways, he has tried to take the appropriate action to counterbalance the massive Soviet threat externally and to curb the Machiavellian manipulations of Henry Kissinger internally.

In addition, he has had a chilling demonstration of what an orchestration of the defense issue did for his Republican challenger, who carried him down to the Kansas City convention eve and narrowly missed upsetting the presidential incumbent. Ronald Reagan had very little else in his repertoire besides the defense issue.

His amazing durability in the race for the Republican nomination rested primarily on the response of masses of American citizens, who are growing increasingly uneasy over these plainly visible trends. The people of this country are far ahead of their political candidates in recognizing the dangers inherent in the threat, and Reagan's success clearly demonstrated it.

After narrowly averting defeat for the nomination over the defense issue on which he could have run with great strength, President Ford has now apparently quickly forgotten the lesson and is pursuing the mirage of a SALT 2 agreement containing the worst of the Kissinger concessions. This will make him guilty of every Reagan campaign charge and cost him dearly in November votes he had won in August.

President Ford took decisive action last year to curtail the unlimited national security powers of Henry Kissinger and restore an element of legitimate debate inside the White House on national security affairs. This prevented Kissinger's first attempt last January at a complete sell-out to the Soviets on the Backfire supersonic bomber, the U.S. cruise missiles and nuclear throw weight to achieve a SALT 2 agreement. Now, inexplicably, President Ford has become remesmerized by the State Dept. Svengali and is hurrying to complete the same sell-out for a SALT 2 agreement before the election, with apparently no idea of the quantity of votes it will cost him or of the potential damage to the future of his country.

Meanwhile, the Soviets must be smirking at the inability of the American political contenders to perceive either the weight or direction of the massive Russian military thrust and their persistence in wallowing blindly along a path that can only lead to future tragedy for the nation they are striving to lead.

INDIAN HEALTH CARE IMPROVEMENT ACT, S. 522

Mr. DOMENICI. Mr. President, the Indian Health Care Improvement Act conference report now before us addresses what I consider to be a major problem confronting the Indian people today. Too many native Americans live with little or no health benefits. Too many have tuberculosis and other communicable diseases which are essentially eliminated throughout the rest of America. This fact is a blight on our society, and it is certainly time to direct our national efforts toward adequate health care for all our citizens.

The conference report represents a compromise between the House and Senate version of the Indian Health Act of 1976. As always, when parties need to compromise, some good provisions are lost to accommodate more pressing considerations. I was sorry the Domenici amendment, as accepted by the Senate to provide first aid health care in all BIA schools, was eliminated in consideration of budget restraints. As my colleagues know, I am a strong proponent of fiscal responsibility, and surely I intend to maintain that goal as one of my major considerations. But, to be fiscally responsible is not to ignore obvious social costs and failure of obligations resulting from inaction.

First aid facilities, taken for granted in most of the Nation's public schools, surely would have helped Indian schoolchildren, but I envision entire communities benefiting, as often any health care is many miles away on the reservations. Immediate health aid care is frequently less costly than more expensive examinations. These facilities, I believe, would have saved money over the long term, but I certainly understand immediate budgetary constraints which faced the conferees. I intend to introduce this amendment again next year, for I am sure it is a beneficial one.

Other provisions of the bill, including the educational loan program, the new commitment in areas of alcoholism and mental health, are extremely important when combating the Indian health crisis today. I am pleased the proper tools will now be available to help the Indian people. I urge my colleagues' strong support.

STATEMENT ON DR. COMMONER'S TESTIMONY

Mr. BUMPERS. Mr. President, I have had the privilege of chairing hearings on the long-range energy plan prepared by the Energy Research and Development Administration—ERDA. The preparation of such a plan is mandated by Congress under the Nonnuclear Energy Act of 1974. Since the plan is a central pillar of this Nation's overall energy strategy as envisioned by the administration, I am pleased to report that the Subcommittee on Energy Research and Water Resources of the Senate Committee on Interior and Insular Affairs is holding indepth hearings to examine both the plan and its assumptions.

So far the subcommittee has heard from Dr. Seamans, the Director of ERDA, who has described the plan for us. He will be returning later this month, on September 28, to respond to specific questions and criticisms raised by other witnesses. I would urge my colleagues to attend those hearings if they can find time in their busy schedules. We have also heard from a very distinguished panel assembled by the Congressional Office of Technology Assessment. OTA has also prepared an extremely detailed and soundly based analysis and critique of the ERDA plan. We have heard testimony from Mr. Jellinek, staff director of the President's Council on Environmental Quality, who described the environmental impact of the plan, and from Dr. Dowd of the Congressional Budget Office on its budget implications. Finally, Dr. Barry Commoner of Washington University in St. Louis provided us

with his overall evaluation of the plan and its implications for the Nation.

Each of these witnesses provided extremely valuable testimony and insights into the plan's intrinsic strengths and weaknesses. I am taking the present opportunity, however, to draw your attention to the comments made by Dr. Commoner. First, he points out that the ERDA plan is not based upon a careful technical analysis of our future energy needs. Instead, he charged that this scientific and technical agency merely presumes that the President's analysis of our energy future is correct, and proceeds to draw up a plan to make sure it comes true. Second, Dr. Commoner states that should we succeed in implementing this plan, that—

> It will become a blueprint for economic disaster . . . I think they have stumbled onto a brilliant technique for ruining the American economy—

These are strong words of warning by a perceptive, publicly involved scientist. I would not wish to imply that we should deplore the ERDA plan on the basis of a single witness' testimony. However, Dr. Commoner goes on to document his claim in a most intriguing and alarming way. He explains why many features of the plan, as well as many actions of the Congress, need to be reexamined. To continue to pursue the development of technologies which consume nonrenewable fuel resources such as synthetic fuels or nuclear power, and to prolong our dependence upon oil and gas is a serious mistake, he argues. Such technologies are highly capital intensive, and many depend upon immature technologies whose safety and reliability remain to be demonstrated. Yet these are just the baskets into which ERDA has placed most of our eggs, both in its long-range plan and in next year's budget.

The import of Dr. Commoner's provocative analysis of the ERDA plan is so great that I would like for each Member of Congress to have an opportunity to read his comments. Unless we can satisfy ourselves that Dr. Commoner's analysis is incorrect, we cannot ignore the challenge which he presents to the Congress to avoid the economic disruptions which he sees in the implementation of the ERDA plan.

I ask unanimous consent that Dr. Commoner's testimony be printed in the RECORD.

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

OVERSIGHT HEARING ON ERDA LONG-RANGE PLAN AND PROGRAM

JULY 29, 1976.

STATEMENT OF PROFESSOR BARRY COMMONER, DIRECTOR, CENTER FOR THE BIOLOGY OF NATURAL SYSTEMS, WASHINGTON UNIVERSITY

Senator BUMPERS. I understand you have an extensive statement you would like to submit for the record. If you would like to summarize that statement, we will get into the question and answer session.

Is that all right?

Professor COMMONER. I would appreciate that, Mr. Chairman.

As you have already pointed out, in the very short time ERDA has been in existence, it has been authorized to spend nearly $6 billion, and to spend $6 billion on an extremely important program. I think it is important this overview should take place at this time. I am very glad to have this opportunity to participate.

I think we all know the nation's energy problems are very serious and urgent. Everything we do depends on energy, and because energy has an absolutely unique relationship to our entire system of production, and, therefore, to the national economy.

I think we have to recognize, despite the urgency and importance of understanding how energy relates to the national welfare, we simply have not had an organized, rational, national energy program, and we did not even know it was missing until the oil embargo caught us.

It is also fair to say the establishment of ERDA represents the nation's chief response to this lack, and, indeed, RD&D is the first step toward creating rational policy. There is one point I want to make right away. We sometimes forget that research is designed, not only to answer questions, but first to discover what the questions are.

Until you ask the right questions and define the problem, there is no logical way to seek useful answers or to create a national policy that responds effectively to those problems.

If there is any general fault with ERDA, it is right there. They have not asked the questions. They have not looked for the right questions. I think, therefore, the policy they have established, thanks to the enormous momentum of the money adopted, really has no rational basis.

It seems to me ERDA has had two fundamental and interrelated possibilities as a government agency.

First, since it is the responsible agency in the energy area of research and technology, it ought to have the duty to assemble and analyze the known facts about energy so that the right questions can be asked and the relevant national problems can be defined. In other words, it ought to provide the information base for the creation of a national policy.

In the same sense, let's say the National Cancer Institute provides the information base for the establishment of national policy with respect to that disease. It has that responsibility.

The second thing, of course, is once the policy has been established, ERDA has the responsibility to organize the research and development to carry out its part of the policy. The main point about my testimony is to examine ERDA's actions, its plans against those two responsibilities, as I define them.

First, let's look at the question of how ERDA has defined the national energy problem. I do not mean to go through that in detail with you. It is clear, I am sure, from your analysis of the ERDA plan, that ERDA defines the problem basically as one of filling in the gap between domestic energy demand and domestic supply.

What it is worried about is the imported fuel, and that is the basic drive.

The next question I have to ask is what is the scientific reference for that definition of the nation's energy problem. Although it is a scientific agency and therefore ERDA it is presumed reaches its conclusions on the basis of objective evidence, there is no scientific evidence in support of its evaluation of the national problem.

I looked very carefully for the references and what I found was a reference to an authority, namely, President Ford, and you will find on page 4—no disrespect to the President and to his office—but I don't think that is an adequate source of authority on energy.

But on page 4, you will find laid out very carefully a quote from the President's energy message below that, and I will quote this. The Plan says:

"It is the purpose of the National Plan for Energy R&D to translate these principles and goals into specific Federal programs for technology development—" and so on. There you have it.

ERDA got the message and established the program. As I say, with all due respect to President Ford, and for the office which he holds, I want to suggest that the President's analysis of the energy problem—which ERDA has adopted as its own—does not accurately reflect our current knowledge about the science and technology of energy and its relations to the national economy. There I think is the root cause of most of the faults in the ERDA Plan.

What I would like to do is offer an alternative analysis, which is by no means complete, but I think is more adequately based on science than the one ERDA is following.

The main point I want to make—and I would like to quickly run through my thesis and offer some brief illustrations of the evidence—I think the main point I want to make and I say this not out of any sense of antagonism or to indicate it was done deliberately, I really think if the ERDA Plan were carried out, in my opinion it will become a blueprint for economic disaster.

This is the main point I want to make. I think they have stumbled into a brilliant technique for ruining the American economy, and let me explain why I think that.

I think the problem of the diminution of supplies of energy has to be regarded as basically an economic question. Let me point out to you, we say so many years' supply of oil, coal, et cetera, there is an awful lot of fuel you can get out of ordinary shale. The only trouble is it would be monumentally expensive. We could not afford to do it.

When you run out of a nonrenewable source, the expression of that physical fact is not that somebody suddenly shuts a door and there is no more fuel.

The way you notice it is that the price of what you are after goes up. There are many examples. As we began to run out of whales, the price of whale oil went up. As people killed off egrets to get feathers, the price of egret feathers went up. Nobody said no more egret feathers. This is a very fundamental point which I think ERDA has missed.

The loss, the running out of a nonrenewable source and, of course, energy, as we now use it, is such a thing, is translated automatically into an economic process. That process is the exponential rise in the cost of producing the energy which we sense as the price.

The main burden of what I have to say is we have to test the consequences of what ERDA has to do by looking at the exponential rise in the price of energy. I want to show you how that relates to what has happened.

The points I want to make—and I will run through them very quickly—is that there is now for the first time in the history of the United States a very rapid exponential rise in the price of energy relative to the rest of the economy.

In other words, we are in an energy situation economically, which is absolutely unprecedented. The reason why this is serious is energy is not like egret feathers. You cannot get along without it. When ivory became scarce, plastics were put on piano keys. I don't know what was done when egret feathers became scarce, but apparently people got along without them. But you cannot get along without energy. There is no way of substituting anything else for energy.

The result is, as energy becomes more expensive so that the processes that use it become costly, you have no choice but to raise the price of the goods, which means a powerful impact on inflation, or to change the character of the production system, which means making capital goods obsolescent.

For example, I might point out the cur-

rent trend, if it continues, with the public turning away from synthetic fabrics to cotton and wool, which has caused a beginning depression in the synthetic fabric industry, is a reflection of the fact the synthetic fabric industry is a very intensive user of energy.

If that fault becomes expressed economically, it will be an enormous loss to the country in the sense of the capital goods built up by the petrochemical industry, which will suddenly become or be a lot less.

The point I am making is we have to examine the ERDA Plan in terms of what its proposed development of energy sources and uses will do to the rising price of energy. If the price continues to rise, we are going to be in very deep trouble.

Senator STONE. Mr. Chairman, can I interrupt with one question?

Are you suggesting when ERDA makes a proposal for research into an alternate fuel or any other energy-producing system, that the forecast of the economic cost be an integral part of that?

Professor COMMONER. Absolutely. It needs an economic impact statement.

Senator STONE. It is not whether you produce an alternative system but what it costs?

Professor COMMONER. Yes.

As an interesting thing, we have data that indicates how much organic fossil fuel must have been deposited in the earth's surface from theoretical considerations. We also have crude estimates of how much we think we can find.

The latest figures indicate the amount of discoverable resources are probably one part per 1,000 or less of the amount of carbon that must have been deposited as fossil fuel. Where is the rest of it? The rest of it is probably disseminated in the form of very dilute organic matter in things like shale in soil and so forth. It is there, but you could not afford to get it.

The point I am making is it is absolutely essential to understand nonrenewability expresses itself in real life as an economic factor. As I will point out in a moment, there is also an economic factor that is embedded in the design of the machinery that you use to transform the fuel into useful energy. I don't see how ERDA can possibly design any research and development without considering this economic factor, and I am afraid it has.

Incidentally, as in irony, one of Mr. Ford's prescriptions was to keep the cost of energy down, but that is the one prescription they did not nail to the wall and look at it. Everything they are doing is raising the cost of energy.

Now, energy is nonsubstitutive. What energy does is to yield work. This is true all over the universe. There is no way of getting along without energy if you want work done, and that is true whether it is done by people or by machines.

The simple point I want to make is when you try to get along with less energy, you lose the value of capital goods. I might point out, for example, the people who now own all-electric homes have to face the fact that home is worth less than they thought it was. Why? Because the operating costs have gone up and will go up. In other words, as the price of electricity rises, the capital value of a home totally dependent on electricity falls.

This is also going to be true of the auto factories that produce big cars as industry has to shift over to smaller ones.

Senator BUMPERS. It follows then, people who are making a bigger investment, to use as much solar energy in their homes right now will probably recoup that in increased value.

Professor COMMONER. You anticipate my response, but that is exactly the issue. That is the test we ought to place on any energy policy.

As I pointed out, there are two ways of responding to the situation. Either you let the price of energy go up and price pass it through, through the production system, in which case the price of everything goes up.

If you don't do that, then you erode the value of capital goods.

Now that I have laid out what I think is the key issue, I want to direct your attention to Figure 2 in my testimony, and that is what ought to be nailed up on the wall over ERDA. What this is, this is data, the Department of Commerce provides a price index for a series of goods and commodities and an average for all commodities.

What I have plotted here is the ratio between the wholesale price index for fuel and power, is the energy figure divided by the wholesale index price of all commodities. This ratio tells you how much you have to pay for energy relative to what you have to pay for everything else.

All we have done here is simply to plot the data right off the Department of Commerce tables. There are three separate indices actually. The data go back to 1811, but they are not too reliable.

But what you see is there has been a lot of scatter and so on, but the basic trend is, since 1930 there has been a steady decline in the relative price of energy, and in the period since World War II, which is the period in which our modern industrial and agricultural system has been created.

You know on the farm, for example, this is the time when fertilizer was introduced and so on. During essentially the building up of our modern industrial and agricultural production system, there has been a rather steady, slightly declining price of energy.

I do not want to suggest this has been an extremely important factor in the success of our industrial and agricultural development. In fact, just yesterday I noticed—I think it was in Business Week—an article about the current worries about one of the lagging economic indicators in what is supposed to be the recovery from the recession, and that is the expenditure of our capital goods.

There was a query to one of the industries of why they weren't spending for capital goods and the answer was uncertainty, and particularly the uncertainty about the availability and the price of energy. Energy is so important, the reliability of that economic input I think is extremely important to any entrepreneur.

In fact, the stability of energy up to 1973, I think must have had a very important effect on industrial development. If you look at the point at 1973, suddenly there is what can only be called a historic discontinuity in the price of energy. Any scientist looking at a graph like this, worries about what happened in 1973. We all know 1973 was the embargo. You might say, "Well, sure the price was increased because OPEC jacked up the price," but you will notice the price is rising at an almost constant rate in 1974, '75, and we plotted the first quarter of 1976.

More important—and this is what I want to emphasize in a moment—it is inevitable that the price of energy will continue to escalate so long as we continue to use present forms of energy.

In other words, what I think has happened in 1973 is that OPEC anticipated the inevitable exponential rise in the price of energy and, in fact, the Shah of Iran has said that, has said over and over again, "What do you expect?"

This is not a renewable resource and of course the price is going up. We decided to make it go up at our choice, which had to do with politics and so on. So I think we have to regard this sudden rise as the inevitable consequence of our present pattern of the use of energy.

In other words, if we are using petroleum and natural gas, which is nonrenewable, as we take out a barrel of oil, the next barrel of oil becomes more expensive. You have to begin using secondary, tertiary methods, and so on.

I don't need to remind you about gas. Right now there is a big struggle about the price of gas. In other words, we are confronted with what I think can only be regarded as a very serious challenge to the stability of the major input into production. That is the price of energy.

I offer this as a background to what our problem is. Our problem is we are confronted with what may be a very serious and ultimately disastrous change in the price of energy. It seems to me the task of ERDA ought to be to devise ways of shifting from our present dependence on non-renewable sources and techniques that tend toward raising the prices, shift away from those to a process of production and use of energy which stabilizes the price.

In other words, this Figure 2, in future years we are going to have to flatten it out or else we are heading for disaster. If it keeps going up, we are in trouble.

What I have done is to analyze the ERDA Plan from that point of view, and I can summarize very quickly to tell you if the ERDA Plan is carried out, the price of energy will rise exponentially for the next 75 years, and I don't think we will make it. I don't see how we could possibly tolerate that.

Let me briefly give you the details. The Near-Term Plan is based on enhanced recovery of domestic oil and gas. This means an enormous increase in the price of the fuel because you are using much more expensive techniques. In addition, electrical power production is to be mainly based on light-water reactors.

I have included, as an appendix, a paper in which we have analyzed the relation between the nuclear power and the price of electricity. There is no question the price of uranium fuel will go up. As shown in Figure 1B, it rises exponentially. 1A is the rise in price anticipated for natural gas and oil simply based on the diminishing returns of trying to get more and more out.

The same thing is true of uranium because, as the rich uranium ores are used up, you have to go to poorer ones, and that means much more refining and so on. So there is no way the present light-water power system could continue without a rapid rise in the price of the electricity produced.

In fact, the rising capital costs of nuclear power are already bringing us close to the crossover point as compared with coal-fired power. So the near-term plans of ERDA guarantee a rapid rise in the price of energy.

Well, let's look at the mid-term plans. The mid-term plans rely chiefly on coal conversion and shale oil. As I pointed out in Table I, the capital costs per unit of energy produced in shale oil and coal conversion processes are 10 times higher than mining coal. They are much higher than the capital cost per Btu of producing oil. In other words, there is no way of going into coal conversion and oil shale production without a rapid escalation in the price of fuel.

The figure that has been quoted, the last one I remember was $26 a barrel, and you may remember Mr. Ford and Mr. Kissinger appealed to the OPEC nations to have a floor on the price of oil in order to encourage investers to go into shale oil and coal conversion.

As you know, that industry is in chaos now. They are unable to make the investments while the price of oil is still below $26 a barrel. In other words, the promulgation of those ways of producing fuel is predicated on a $26 a barrel oil price.

There is no way of having these things effective unless the price of oil goes up.

I might mention one of the problems is I don't think they really understand—

Senator BUMPERS. May I interrupt you? You are talking about $26 a barrel. You are talking about oil shale and coal conversion?

Professor COMMONER. Yes. They are roughly comparable figures although there is a good deal of variation depending on how some of the pilot plans come out, but the last figure I remember—I think that was synthetic fuel—is $26 a barrel; shale oil, there are some techniques they could work that would be a little lower.

Senator BUMPERS. Occidental is insisting that will be much, much lower.

Professor COMMONER. Occidental has not faced the fact that shale oil is carcinogenic. This has been known since 1896. The CEQ people referred to that. That is an extremely important point and I looked carefully through the ERDA Plan and found no mention of it. I was a little put out about it. I had gone to ERDA at their invitation about a year ago, and gave a seminar on that problem.

Senator BUMPERS. There is no mention of that?

Professor COMMONER. There is no mention and there must have been 50 people on that staff when we presented our scientific data. In fact, I showed them an analysis of a synthetic oil sample we had gotten from the group at Oak Ridge that we had analyzed, and it clearly had carcinogenic materials.

Some of the staff I think really appreciated it, but I think the impact of this, as the testimony just before me has pointed out, has not really become embedded in the thinking of planning at ERDA. This means they are dealing with a problem very much like nuclear power where unexpected technological difficulties arise, and they keep escalating the cost.

I think before we are through, if we are going to use coal conversion, there will be problems like putting it in an air-tight seal to prevent dissemination of volatile carcinogenic materials.

The main plant operating in West Virginia, operated by Union Carbide, after six years it was shut down. The workers had something like 30 times the expected incidence of skin cancer.

Senator BUMPERS. I had heard the process the Germans used in World War II, that every worker came down with cancer.

Professor COMMONER. I have not seen those data, but the West Virginia data is a classical example of good scientific work. The Medical Department of that plant got alerted to it because a study had been done just after the plant started. They rubbed products of the plant on the skin of mice, and in nine months or a year, there were tumors, and immediately the Medical Department clamped down. There is a series of very good papers.

For example, whenever a worker had a blemish on his skin, he was required to come in and was photographed at weekly intervals. They really monitored those workers. There was a lot of hygiene. They were warned about washing and so on. Yet, after six years, a very short time, there was something like a thirtyfold excess rate of the incidence of skin cancer.

Senator BUMPERS. Was most of that skin cancer?

Professor COMMONER. Yes, and you understand most of these are polycyclic aromatics which dissolve in the oil on the skin, and the organ at risk is the skin.

This is something we have pointed out repeatedly. One of the organizations I am associated with, the Institute for Public Information, sent one of our people to a hearing—I forget which one—at which Mr. Seamans was present, and when the young lady got up to mention or ask about carcinogenicity, there was a good deal of objection this was irrelevant, and so on. It is not irrelevant. I think it is going to affect the price of what they are trying to do.

The point I am making, the mid-term plan, based on coal conversion and oil shale, will again increase the price of energy. The long-term plan will do the same. The long-term plan is based on what they regard as possibly three possible renewable sources of energy.

Let me say very quickly, if you want to think about our key question, the price, you will have to think about a key sequence of two steps: the source and the machinery converting the source of energy into useful work. In order for the price not to escalate, the source has to be renewable. That is clear.

If it is not renewable, then no matter what kind of machines you use, the price will go up. That is the trouble with an oil burner. An oil burner is a good, economic machine, but the oil burner is going to go up in price repeatedly, and the same way with gas furnaces.

The second question is what about the machine, is that going to go up in price? Nuclear reactors are going up in capital costs, escalating rapidly. So unless you contain both problems, unless you have an inexhaustible source of fuel and what I like to call a mature technology like an oil burner—we know enough about oil burners so the price does not go up because of unexpected peculiarities—but unless you have a mature technology and an inexhaustible technology, the cost will go up.

EDA proposes three possible inexhaustible energy resources. One is based on the breeder, the other is fusion, and the third is solar energy. I think fusion we might as well drop immediately in the discussion here because no one even knows whether it will work. It is already clear the capital costs will be enormous. It is going to take a very long time before this nonexistent process becomes mature. So I am not going to say any more about it.

The breeder is an excessively immature technology. In the first place, it now seems the breeders in England and France, which are usually referred to as examples of the success of the technology, in fact do not breed. The Soviet breeder is now operating at two-thirds capacity. I don't know of any evidence for or against as breeding. The difficulty is it takes very close tolerances in the arrangement of the fuel elements to get breeding. Those close tolerances make the safety devices that have been forced on conventional nuclear power plants very difficult to use in a breeder.

In other words, this is a very much unresolved technological issue, and for that reason there is no chance it is going to become mature in the sense of not rising in price for a very long time.

The other point I might make is I have actually taken an ADC data of when they expect breeders to produce, if they do, produce enough fuel to run the expected light-water reactors, and Figure 6 spells that out.

What that shows very simply is even if everything works in the breeder plant, it will not be until something like 2040 that you will be able to get away from natural uranium supplies to run the nuclear power program.

That means the exponential rise in the cost—

Senator BUMPERS. Let's go back. I didn't quite track you on that.

Professor COMMONER. If you want to look at Figure 6, it will help. Figure 6 is the scheme—well, let me go back for a moment. The present nuclear power system is a one-pass use of uranium. Therefore, as the cost of uranium rises, natural uranium, the price of energy, electricity, will go up. This was recognized by the AEC 10 years ago. That is why they introduced the breeder. The breeder was introduced to get away from the diminishing supplies of natural uranium. It would reproduce cycling of uranium and extend the supplies for years.

All right. Let's accept that. Now, let's ask when do you expect to have enough bred, artificially bred fuel to run the nuclear power program you think you are going to build up, and Figure 6 explains that.

The top figure is the total demand for fuel, including you need fuel to start the breeders going. So that is the total demand, the demand curve.

The second, B, is the expected production of plutonium in the breeders if everything works. What you have to do is subtract the second curve from the first in order to find out how much natural fuel you need, and it turns out you are going to need natural fuel until around 2040. Natural fuel will escalate in price as it is used. Therefore, the entire nuclear program is not free of that impulse toward a higher price in 2040 until the very earliest. That is the point I am making.

Senator BUMPERS. I follow you now.

Professor COMMONER. I want to finish now by saying that almost without exception—and I do not need to go into the figures, you already know—the major expenditures in the ERDA Plan are for nuclear power, coal conversion, shale oil, and so on.

Those expenditures are all for energy production techniques which are bound to raise the price of energy. That is why I think it is a prescription for disaster. They are moving toward the production of energy which will continue this historically new fact that the price of energy is rising, and as far as I can tell, if the ERDA Plan goes through and we actually become dependent on shale oil, nuclear power breeders, and so on, what will happen is the price of energy will rise relative to the rest of the economy for 75 years. I would like to see a professional economist tell us how we are going to survive that. I do not think it is possible.

Now we come to the question of can we do anything about it. As it turns out, as you have anticipated, that the only way to get both an inexhaustible source of energy and a mature technology is to turn to solar energy.

The first point I want to make is we now have for space heat and hot water a mature technology economically competitive. One of the appendices I have enclosed shows by properly mixing solar and conventional sources, you can today save money in producing hot water in St. Louis, counting the amortization of the investment, the whole works.

In the next year or two, in most parts of the country, it will be possible for a householder, if someone would lend them the money, to afford and save money by introducing partial dependence on solar energy for space heat and hot water.

I want to mention a new technology, which has been developed at MIT, which provides both hot water and electricity, a very clever way of using a solar photovoltaic cell. This will provide for 80 percent of the space heat and hot water for areas south of Washington State, and more than half of the electric needs.

What it says is we could start now to flatten out that price curve. Why would it do it? You do not pay for fuel, and the price of the equipment will not rise; in fact it will fall as mass production begins. In other words, there is an instance where we can flatten out the price and, incidentally, this becomes a hedge against inflation. You are investing in something which will reduce your expenditures for something that is going to be higher-priced later on, namely, fuel.

The other solar technologies, some of them are close to mature. I think that is true of wind energy. The price of photovoltaic cells is falling; it is not going up. But I want to emphasize it is the slope of the curve. If the technology becomes increasingly expensive, you are in trouble. If it is flat or falling, you

at least know you are going to get to a point where you can flatten out the price of energy.

Ocean thermal is a project at Johns Hopkins which now claims to be able to produce ammonia competitively from the solar energy available from the temperature differences in the ocean. Ammonia is one of the most energy-intensive supplies we use now. I see no reason why we could not turn the entire program around and depend on solar energy and coal combustion in the interim in order to get a national energy plan that involves steady prices of energy.

This is exactly the reverse of the ERDA Plan and it is something that is already clear. I see no way of our achieving any sensible energy policy without a total reorganization, a 180-degree turn from the direction ERDA has taken. I hope these hearings will perhaps make them take the first step in that direction.

Senator BUMPERS. Dr. Commoner, I so totally agree with everything you have said, I don't know what kind of questions to ask you.

What you have said makes such eminent good sense. The power industry present will take issue with what you have said, but it seems almost irrefutable to me.

I am not a scientist or an economist, but my native intelligence tells me everything you have said is precisely correct. I would not say here with a straight face that I have read all of ERDA's Plan. I have not. But everybody I have talked to that has, that I consider to be totally objective about it, has said very much what you have said about the cost effectiveness of the programs we are talking about.

Your opening statement was that it was a prescription for economic disaster, and I think you have fortified that statement as precisely as possible. It points out that Congress cannot, without cost effective options, assist ERDA in these choices.

Professor COMMONER. ERDA has not given you the information you need to make that estimation. That is the problem. You should have gotten from ERDA some of the graphs I have produced in my testimony. It is silly for someone back in St. Louis to have to struggle through the Department of Commerce data. They should have done that a long time ago.

Senator BUMPERS. I don't see how they can design a plan without it, to be frank with you.

The most persuasive and interesting graph, of course, is the historical cost of energy in the country, and I think it is fairly easy to predict. Who can argue with the fact that if we continue to rely on finite resources the cost is going to go up. It is like whale oil. In any event, I am going to try to arrange to get a transcript of what you have just said, not in your formal statement, but what you have said informally here today, get that transcribed, and get it into the hands of every member of the United States Senate.

Our priorities around here get mixed up. I regret every member of the committee is not here this morning, but they will have access to what I think is one of the most compelling cases that has ever been made for a gigantic leap into energy sources that are not finite.

I thought your conclusion was perhaps one of the most interesting. That is, we can start right now with a mix that would have a salutary effect on what will otherwise be a continuing dependence on non-renewable resources.

Professor COMMONER. The University of Illinois has done a translation of our analysis for five typical homes in Illinois. They want to prepare a brochure for builders in Illinois and homeowners to show how this mix can be achieved today in Illinois.

In other words, there is no reason why it cannot go short of financing, and the financing will have a payback point of perhaps 10 or 12 years. It is a question of the government having the will and wait to put its money there.

Senator BUMPERS. The suggested question is should ERDA be doing the same thing in demonstration projects.

Professor COMMONER. Absolutely. I think it has been pointed out in OTA in criticism that ERDA has been technology-minded and has not looked at the system.

One of my favorite topics I did not talk about, thermodynamics, but there was an absolute historic analysis of our energy system made by a group from the American Physical Society two years ago. They are the ones who pointed out although engineers always use the Second Law of Thermodynamics in designing a power plant, they did not ask the question about the Second Law they hooked up the power plant to people's homes.

So, for example, the Second Law of Efficiency of electric home heat is less than one percent. You never hear that in the television ads. So the power company very carefully has its engineers use the Second Law inside the plant, but it never lets its customers in on that secret.

It seems to me—and this was a beautiful piece of work, the APS study. I carefully went through every ERDA document I could lay my hands on to find out if they knew or acknowledge the existence of that APS study. It is nowhere in sight.

That is one of the faults of ERDA, again. It is not in touch with the scientific community. Every one of us in science or many of us were enormously impressed with the study. It was a beautiful piece of work. It lays out for the first time the way in which we can use the science of thermodynamics to make drastic improvements in energy conservation.

You would have thought ERDA would alert the members of Congress to that. Literally, what should have happened when that APS study was published, ERDA, as the responsible scientific agency in the government, I think should have digested it, explained what it meant, and sent that to the Administration, to every member of Congress. I think it is a disgrace that that did not happen.

Again, it is not facing its responsibility to do an objective analysis of this enormously important problem.

Senator BUMPERS. Dr. Commoner, I would say there are three or four questions that may occur to me later, which is usually the case, that I would like to submit to you in writing just informally for my own personal use, but probably to go in this record also.

I cannot tell you how much I have appreciated your being here and your testimony this morning.

Thank you so much.

Professor COMMONER. Thank you.

DEFENSE OF MALCOLM CURRIE

Mr. GOLDWATER. Mr. President, while I was not in attendance of the Senate the day that two of my colleagues raked Malcolm Currie over the coals because he had been made the acquisition expert by the Pentagon, I do think a reply is needed. It is difficult for me to understand why some Members of this body feel that any man who ever worked for industry, in any capacity at all, is so completely a slave to industry or that particular industry that he cannot act with an open and fair mind toward problems or items involving that industry. I might point out that many of my colleagues receive tremendous sums of money from organized labor for one specific reason, and that is to vote the way labor wants them to vote, and I can also report that with one or two exceptions, they follow labor's line religiously. We even find people in the Hall during votes waiting to tap each Senator on the shoulder to tell him how to vote or how not to. How proper is it, then, that some of these same Senators accuse an honorable man like Malcolm Currie of wrongdoing because he was once connected with industry? It has been my pleasure to have known Mr. Currie for a good many years and I have never known a man in business or out of it, in Government or out of it who ever questioned for a moment his honesty or sincerity. If it is going to get down to the point where every single appointment made by the President is going to be criticized because they came from American industry or even the American academic field, fields which had anything to do at all with the development or manufacturing of a weapons system or anything related to the military, then I am afraid that those of us who are not supported by labor will start being extremely specific on every issue when our colleagues vote the way labor tells them to.

SOVIET BID FOR NUCLEAR SUPREMACY

Mr. THURMOND. Mr. President, it was with great concern that I read in the U.S. News & World Report, September 6, 1976 edition, an article entitled "Can U.S. Block Soviet Bid for Nuclear Supremacy?" by Joseph Fromm. The article grimly points out that the Soviet Union is resolved to acquire the capacity to deliver an effective nuclear attack upon the other side and survive the ensuing retaliation. When this goal is viewed with the knowledge that over the past 10 years the Soviets have spent $10 billion on civil defense while the United States has spent only $804 million, the prospects are frightening. This should be a matter of grave concern to the Congress and to the American people.

Mr. President, I ask unanimous consent that this article be printed in the RECORD.

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

CHALLENGE FOR NEXT ADMINISTRATION—CAN U.S. BLOCK SOVIET BID FOR NUCLEAR SUPREMACY?

Few issues in the presidential campaign will have a more profound afteraffect than the debate over the shifting Soviet-American nuclear balance.

It now is clear that the next Administration, whether headed by Gerald Ford or Jimmy Carter, will be forced into a reassessment of Russia's unparalleled strategic buildup, and the threat that it poses to American security.

Significant changes in U.S. defense planning and foreign policy are foreseen by high-ranking Government experts.

Mounting pressure for a reassessment of the Soviet threat is being generated, not by election rhetoric, but by a series of authoritative studies that have surfaced in the course of the campaign.

The studies point up these conclusions:

The Soviet Union, contrary to past as-

sumptions of key U.S. policy makers, is driving hard for decisive strategic superiority over the U.S. rather than strategic stability between the superpowers. Neither détente nor the Strategic Arms Limitation Talks have slowed that drive.

An unprecedented Soviet deployment of powerful new missiles, now in full swing, is torpedoing Washington's basic objectives in the SALT negotiations. The Russian build-up soon will confront America's Minuteman-missile force with a knockout threat, the very danger that the U.S. has sought to avoid through arms negotiations.

Civil defense, written off in the U.S. in the early '60s as ineffective, is being expanded in the Soviet Union at a cost of more than a billion dollars annually. This program is designed to implement a Russian strategy aimed at fighting, and winning, a nuclear war—not simply deterring it.

The over-all picture that emerges from these studies is deeply troubling to U.S. defense planners. They fear that the strategic balance is shifting in a way that will tend to neutralize American nuclear might and encourage Russia to pursue higher-risk policies in future crises.

"Being demolished." The more pessimistic analysts maintain that the Soviet Union already has or soon will achieve strategic nuclear superiority over the United States. Lord Chalfont, a prominent British defense expert and former Minister of State for Disarmament, puts the argument in these words:

"I am deeply sorry if I tread on anyone's dreams, but I feel bound to draw attention to the fact that the nuclear balance, always a fragile and uncertain edifice, is being demolished before our very eyes."

Lord Chalfont explains: "The nuclear balance ceases to exist at the moment when one side believes that it has acquired the capacity to deliver an effective nuclear attack upon the other and survive the ensuing retaliation. My proposition is that the Soviet Union is resolved to acquire that capacity in the very near future."

Why the sudden concern about the effectiveness of America's policy of nuclear deterrence?

A major factor is a new assessment of Russia's civil-defense program and its impact on the strategic nuclear balance. The Central Intelligence Agency has just completed a study which, according to responsible officials, produced these findings: The Soviets have upgraded the importance of their program since the first Strategic Arms Limitation Agreement was signed in 1972. They recently have shifted the emphasis from mass evacuation of cities to the construction of shelters in urban areas to protect key Government and industrial personnel in a nuclear attack. And they are devoting increasing resources to this effort.

Further details are brought to light in a study of what is described as the "Soviet war survival program" by Leon Gouré, a civil-defense expert at the University of Miami's Center for Advanced International Studies. His conclusions:

The Soviets are spending about 1 billion dollars a year on civil defense and even more on schemes to disperse their industries. Russian strategists calculate that, if their program is effective, casualties in the Soviet Union could be limited to between 7 and 12 million in a nuclear exchange with the U.S. That is far below what American defense planners define as "unacceptable" damage—the level of "assured destruction" that is considered necessary to deter the Soviets from contemplating nuclear war.

Top officials at the Pentagon say that what is really important about the vast and growing civil-defense program is what it reveals about official Soviet thinking concerning nuclear war. In the words of one high-level Defense Department authority:

"We in America believe that nuclear war is unthinkable, that it will mark the end of history. Not so with Soviet leaders. They certainly want to avoid nuclear war. But if it comes, they think in terms of fighting and winning it."

Until quite recently, U.S. defense planners discounted the strategic importance of Russia's civil-defense program. They were confident that America's retaliatory force, in any conceivable circumstances, could inflict "unacceptable" damage on the Soviet Union—estimated by former Defense Secretary Robert McNamara as the killing of 20 to 25 per cent of the urban population and destruction of at least half of the country's industrial capacity. As long as Kremlin leaders faced that level of devastation, it was assumed that they could not possibly contemplate nuclear war.

But the picture has changed dramatically over the past year or so, and in a way that has shattered illusions of many top Washington officials about the results of the Strategic Arms Limitation Talks and about Russia's real objectives.

What has happened is that the Soviet Union has embarked on a massive build-up of powerful new weapons that threatens the survivability of America's retaliatory force.

Quadrupled power. The magnitude and implications of this build-up are spelled out in a study recently issued by the Congressional Budget Office.

The Russians, according to this study, are deploying four new missiles that are as much as four times more powerful than the launchers that they are replacing and are more accurate. Also, these missiles are armed with MIRV's, multiple independently targeted warheads.

This development, the congressional report indicates, defeats the two primary American objectives in the SALT negotiations. One is to stabilize the superpower strategic-arms competition and curb spending. The other is to prevent the Russians from acquiring the capability to cripple U.S. land-based missiles in a pre-emptive attack.

The congressional study characterizes as "unprecedented" in scope the Soviet build-up since the signing of the SALT I Agreement in May, 1972. And it reveals that the Russians in 1975 spent 100 per cent more than the U.S. for its intercontinental-attack forces.

As for the vulnerability of America's 1,000 Minuteman missiles, the Congressional Budget Office analysis came to this conclusion: "By the end of the 1970s, by pessimistic estimates, and by the early to mid-1980s, by more optimistic estimates, the Soviets are expected to be able to destroy a high percentage of the Minuteman force."

A second strategic-arms-limitation accord, on any terms that now seem feasible, would in no way diminish the "first strike" threat to these land-based missiles.

It is the combined effect of this threat plus the Soviet civil-defense program that is causing acute concern among Pentagon planners. The danger, as they see it, is not so much that Russia's leaders will rush into a nuclear war against the U.S. in the belief that they can come through with substantially less devastation than America. Rather, it is the likelihood that Kremlin decision makers will pursue higher-risk policies on the assumption that the U.S. will be the first to blink in any future eyeball-to-eyeball confrontation.

A top-level Pentagon specialist sums up the danger in these terms.

"What may be the most important but least discussed consequence of these developments is the impact on leaders, Russian and American. The Russians, with nuclear superiority, could be expected to be bolder, to take somewhat higher risks in a crisis even though basically they have a mentality that is defensive and cautious. At the same time, American leaders might be more timid, shakier, less convincing.

Some officials believe that such a psychological shift already is apparent. As evidence, they cite Soviet intervention in the Angolan civil war last year and signs that the Kremlin was ready to send airborne troops into the Mideast in the 1973 war.

The Kremlin's strategy, in the view of American analysts, is to utilize its local military superiority in a future crisis while U.S. strategic nuclear power is paralyzed.

What does all this mean for the winner of the November presidential election? The consensus among experts in the Pentagon, State Department and CIA:

A significant shift is imperative in the policy that the U.S. has pursued toward the Soviet Union over the past five years. Détente of a sort will continue, but no longer as the centerpiece of American foreign policy. A new approach toward SALT negotiations will be required, but with no illusions about Russia's determination to achieve strategic superiority rather than stability.

Strategic experts say that the next Administration will have to consider at least four other major policy moves to counter the Soviet bid for superiority over the U.S.:

1. Minuteman vulnerability. Either some means will have to be developed to protect the present land-based missile force against the threat of a Soviet first strike, or a new, less-vulnerable system will have to be built. One possibility: a force of semimobile missiles that would cost an estimated 30 billion dollars. Another possibility: a switch of more missiles from land to invulnerable submarines at sea.

2. Counterforce threat. A greatly expanded research and development program is advocated by some experts to improve the accuracy and explosive power of U.S. missiles. This would include the design of a new weapon known as MaRV, a maneuverable warhead that can be guided directly to its target. The aim: Confront Russians with a threat to their land-based missiles comparable to the threat that they pose to America's ICBM force. Also: More accurate missiles would be designed to knock out hardened bomb shelters and thus counter the Soviet civil-defense program.

3. Cruise missiles. Defense experts stress the importance of exploiting this revolutionary new weapon, a superbly accurate pilotless aircraft that can be launched from a bomber, surface ship or submarine. The Russians, in the SALT II negotiations, are attempting to frustrate further development of the cruise missile, which some authorities believe would insure future U.S. strategic superiority and might even help offset Soviet conventional military superiority in Europe.

4. China as a "semi-ally." A move toward closer collaboration with Russia's chief enemy, Communist China—even in the military field—is regarded by ranking analysts as another option that the next Administration must weigh. They maintain that a policy aimed at cultivating Peking as a semi-ally would complicate Soviet defense planning and help deter Moscow from risky military adventures.

Whatever course the next Administration adopts to counter Russia's bid for strategic superiority, this is evident to top U.S. military planners: The President—Ford or Carter—can no longer count on SALT negotiations or a policy of détente to prevent the Russians from shifting the nuclear balance in a way that would endanger the security of the U.S.

JOHN W. WARNER'S SUCCESSFUL EFFORTS

Mr. SPARKMAN. Mr. President, as John W. Warner completes 2 years of service as the first Administrator of the American Revolution Bicentennial Ad-

ministration, it seems to me that we should recognize the success of his efforts.

Throughout the country, communities and organizations have mounted observances of the Bicentennial during this period. Communities, large and small, have participated and the Bicentennial has reached into every part of the Nation. The observance was international, as well as intranational.

Mr. Warner and his associates have earned our appreciation.

A COMMISSION TO STUDY THE ANTITRUST LAWS

Mr. MATHIAS. As President, I am pleased to join the distinguished Senator from New York in offering a bill—S. 3799—to create the Antitrust Review and Revision Commission to study the antitrust laws of the United States.

The establishment of such a Review Commission has been a long-time interest of mine. Several times during my congressional career I introduced legislation very similar to the bill presently before us. I believe that it is time that we create a mechanism for a thorough, thoughtful review by an expert but sufficiently broad based body to give Congress some real help in evaluating the adequacy of our present statutes and their administration. The composition of the Commission, as set forth in the bill, is certain to insure that the Commission can skillfully undertake a thorough and objective analysis of our existing antitrust laws and their enforcement.

The importance of establishing such a Commission is underscored by several factors. Almost 90 years have passed since the Congress first enacted antitrust legislation. Many argue that despite the subsequent antitrust bills that have become law in the intervening years, the conditions of our basic economy and the world economy in which U.S. businessmen must compete have so changed that some of these laws are out of date.

It is also suggested that these laws, because of inherent weaknesses and alleged lack of vigorous enforcement, have failed to prevent increasing concentration of control of U.S. industry and have permitted the development of conditions in a number of so-called oligopoly industries in which competition does not now adequately serve the interests of the consumers, taxpayers, businessmen, or of the Nation as a whole. And it is suggested that they work different results depending upon the form of business to which they are applied. Our system is further being tested in competition with other economic systems with different approaches to control of monopoly. These are matters of great controversy among economists, politicians, and lawyers inside and outside the Government.

I believe that the time has come for creating an Antitrust Review and Revision Commission.

The Brownell commission, established by Attorney General Herbert Brownell, one of our great Attorneys General, did significant and important work in codifying our antitrust laws. At the same time, however, the Brownell commission merely accepted the law as it then was, and made very little innovative change or creative contribution to what the law ought to be. That, I think, is what the Senator from New York and I perceive as necessary.

I think the way the Senator from New York proposes to do it is important. Years ago, when I was a Member of the other body, and proposed a similar plan to the then president of General Motors, he said:

> Yes, there ought to be changes in the antitrust laws.

And he was all for them, but he said:

> I don't know what kind of changes you fellows in Congress would make.

It seems to me that the way the Senator from New York has structured this commission, to give weight not only to what Members of Congress may feel, but to what people in the private sector feel, is a very constructive approach to one of the most important issues before the country.

SPACE PROGRAM INVESTMENT

Mr. GOLDWATER. Mr. President, many times I have said that the amount of money we have spent in space, something in the neighborhood of $40 billion, that in time the entire amount would be realized in our economy each year. One of these is the Landsat mapping satellite program which has revolutionized the way we map the Earth. Offshoots of this have also been able to tell our American farmers and farmers around the world how their crops are growing, whether they have too much water or not enough and on any number of occasions information from these satellites have prevented catastrophic occurrences caused by floods or a fast melting rate of snow. There appeared in the Washington Evening Star the other evening the first of a series of stories by Thomas Love, and I ask unanimous consent that this be printed in the RECORD:

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

TWO SATELLITES REVOLUTIONIZE THE WAY WE MAP THE EARTH

(By Thomas Love)

Maps and mapping techniques really didn't change all that much during the several centuries before World War II.

Of course, accuracy increased—it didn't take too long to determine that California really wasn't an island. And printing methods improved—high speed presses replaced hand copying—but the basic methodology and end result stayed pretty much the same.

During the past few decades, however, things have changed drastically.

For instance:

Maps have been developed which can be used to update census data through land use alterations observed by a satellite 570 miles above the globe.

Vehicles used in mapping have self-contained internal navigation systems that sense and record not only the vehicle's every twist and turn but its changing altitude.

Aerial photographs of the earth's surface, which have supplanted most tedious ground surveying, are projected in midair to form a three-dimensional picture that is used to determine altitudes for maps.

Full-color maps of large areas can be "drawn" in just minutes from satellite-gathered data stored in a computer.

Maps are being produced which can predict the success or failure of a crop long before harvest time, help inventory forest products and show previously unsuspected geological features.

Two U.S. Government agencies are at the heart of this major change in cartography—the National Aeronautics and Space Administration and the U.S. Geological Survey. Together, they are revolutionizing the art.

NASA's contribution comes from its high-altitude aerial photography activities and its two mapping satellites, Landsats I and II, soon to be joined by the more sophisticated Landsat III.

Since the USGS conducts nearly all of the basic mapping in this country, it is the No. 1 NASA customer.

Von Braun's optimistic view of the economic impact of the Landsat project may not yet have been proven correct, but in one way, at least, Landsat I was a bargain for taxpayers—it was launched in 1972 with projected useful life of one year. It's still working fine and sending back useful data today.

The two satellites, which cost some $197 million, are actually research and development vehicles for NASA. According to Alex Tuyahov of NASA's User Affairs Division, they "were launched to find out what you can do with this new view from space."

The satellites—they're carbon copies—look at the earth with four "eyes" that record the visible colors red and green and well as two frequencies of infrared radiation. Landsat III—now Landsat C since satellites switch from alphabetical to numerical designation upon launch—will add a fifth heat sensing detector.

As the satellites spin around the globe, they are constantly monitoring what they see in the four frequencies of radiation and relay that information to earth.

Each passes over every point on earth once every 18 days. The orbits have been set, however, so that every point is monitored every nine days by one of the pair.

The data is returned to earth not in any visual, map-like form, but as a continuous series of numbers that tell the amount of reflected light recorded in each of the four monitored frequencies.

For instance, if a certain point reflects no green light, the satellite will report what amounts to a zero for that frequency. The more the green, the higher the number.

The satellites return a report on every 1.1-acre plot on the face of the earth, the smallest section they can "see."

All this data is relayed to the Geological Survey's data center in Sioux Falls, where it is available to anyone who has any use for it—domestic or foreign.

There is such a demand for Landsat data that a number of foreign governments have set up their own ground receiving stations. The only provisions that NASA demands are that the information must be made available to anyone and that the receiving government must sell it at cost.

The possible uses for all this information are almost endless. By making various combinations of the data in the four frequencies, map-makers, or cartographers, can determine an amazingly detailed picture of the earth.

For instance, James R. Wray of the USGS headquarters in Reston has used similar data from lower-level aerial photographs to develop a series of experimental maps of the Washington area, which show land uses and land-use changes over a period of time.

One set of maps shows the area in 1970, a census year, and two years later. They show that between the two dates there was a 4.6

percent increase in land devoted to multifamily housing, a 0.4 percent increase in single-family housing and a 2.2 percent drop in open space.

The 1972 map shows the construction of the Mormon Temple in Silver Spring, the destruction of the old Navy tempos along the Mall and the draining of Lake Barcroft in Fairfax County after its dam abutment was washed away during Hurricane Agnes.

Such maps could be used to update population data between the regular 10-year census counts, inventory land-use trends for local control measures and shown growth patterns before they become obvious from other sources.

Each of the maps was made from two sets of photographs taken several months apart for added accuracy. For instance, a freshly cut barley field looks like a house roof. A check of the field during a different time of the year would show it to be barley, not a roof.

Satellite data can be very detailed. It can show the difference between new and old residential areas; silver fir and douglas fir trees; healthy, vigorous crops and infected or stunted plants.

The government is now working on a program using such maps to help the Soviet Union check on its current corn crop.

With proper programing, the computerized satellite data can be sent through a film recorder to automatically create a color map.

However, most of the USGS cartographic activities deal with less exotic mapping.

According to Robert H. Lyddan, chief of the Topographic Division, "the U.S. has been little interested in mapping. As a result, we are now at the point England was 100 years ago. It is only recently that the general public here has become very much concerned."

Because of military interest, he continued, Germany and France were far better mapped at the outbreak of World War II than this country is today. The excellent maps now commonly used in Britain are more than a century old.

Serious modern mapping began in the United States with the creation of the Tennessee Valley Authority in 1933, he said. There was further impetus as World War II approached and there was fear that domestic maps might become a military necessity.

The survey is still trying to complete mapping the entire "lower 48" states with 1:24,000 large scale maps in which one inch represents 2,000 feet on the ground.

Only about 80 percent of the country has been mapped at that scale or the older 1:63,360 scale, in which one inch equals one mile. There are no plans to map Alaska at 1:24,000, only at 1:63,360.

The only maps which cover the entire nation are in a 1:250,000 scale in which one inch equals about four miles. At this small scale, little detail can be included in the map.

With the planned changeover to the metric system in the United States, the Geological Survey faces the additional challenge of having to redo all its maps in the new measurement. Although much of the same data can be used in the metric 1:25,000 scale maps, all altitudes will have to be redone in meters rather than feet.

This doesn't pose any great problem for such points as mountain peaks. But all the countour lines, a continuing line which connects all points of the same altitude, will have to be redone in meters—not a minor project.

The first of the new metric maps are being prepared for the Lake Placid area of New York. The Survey plans to have the project finished by the time the next winter Olympics are held there in 1980.

Although the basic topographic map of today doesn't look too different from those of a few decades ago, the way they're put together is a far cry from previous methods.

Once, a map was drawn almost entirely from information actually gathered on the ground. Surveyors walked through the area, measuring distances, recording angles, noting the location of streams and roads, checking altitudes and making voluminous notes on what they found.

Things have changed.

Now when a new map is planned for an area, the exact location and altitute of several key points is determined on the ground. Even this is often done differently than before with sophisticated distance measuring equipment utilizing such new developments as lasers.

Then two aerial photos are taken of the area. They are exposed a specific distance apart from a plane flying along a predetermined course at a specified altitude. Transparent prints from these pictures are placed into double-projection in the same orientation as when they were taken.

This machine is a distant relative of the old parlor stereoscope that produced a three-dimensional picture from two photos taken from slightly different angles.

With the map-making machine, the cartographer sees a clear three demensional projection of the land to be mapped floating above his tracing table. From this, the details from the photographs are traced on the base of the tracing table.

To get the countour lines, he sets a marker on a vertical instrument at a certain altitude—determined from the preselected points—and draws around what he sees as hills and valleys. These lines are recorded on the map table and become contour lines.

Ironically, the satellite photos that have been such a boon for so many aspects of map making can't be used for these large-scale maps. "They just aren't detailed enough for the 1:24,000 maps we're making now," Lyddan said. "It's too bad they weren't around 100 years ago when we were making small-scale maps."

ANTITRUST LEGISLATION

Mr. HUGH SCOTT. Mr. President, last week the Senate voted 69 to 18 to send a modified version of H.R. 8532 to the House. The sponsors of H.R. 8532, as amended, agreed to a number of changes in this important antitrust bill in hopes that the House would accept the Senate amendment.

As you know, Mr. President, the Antitrust Improvements Act was the subject of 10 days of extended debate before it was originally passed last June. On August 24 the House passed a resolution consolidating the three antitrust bills previously passed by that body into one and requested a conference. On the following day, Senator PHILIP HART was about to file a motion to appoint conferees on behalf of the Senate when he was informed by the opponents of this legislation that they intended to delay such action. At that point, the sponsors of this legislation were faced with the prospect of two filibusters: One on the appointment of Senate conferees and another one on a motion to accept a conference report. The distinguished majority leader made it clear to Senator HART and myself that he could not permit the work of the Senate to be disrupted by two filibusters. On our behalf, Senator ROBERT BYRD then filed a motion to concur in the House-passed antitrust bill with an amendment in the nature of a substitute. That amendment had been discussed with the House conferees informally. On Tuesday, August 31, the Senate voted 66 to 22 to shut off debate on Senator BYRD's amendment.

Mr. President, I have received a copy of a "Dear Colleague" letter signed by the Republican members of the House Judiciary Committee. The letter seeks the support of the members of the House of Representatives for a motion to refer the bill as passed by the Senate to the House Rules Committee for a rule which would open the bill to further amendment. The Republican members of the House Judiciary Committee have taken this action because of two provisions in the Senate bill; namely, the fact that the Senate bill does not prohibit all contingency fees and the fact that the Senate bill does not provide for a reduction from treble to single damages if a defendant can establish that he fixed prices in good faith. Those who signed the "Dear Colleague" letter are seeking an opportunity to maintain the previous position of the House with respect to these two issues.

Mr. President, obviously it would have been better if the differences between the House and the Senate could have been the subject of a conference. I can understand the frustration that some Members of the House may feel. Because of the Senate's inability to go to conference, the House is faced with a take-it-or-leave-it proposition. Nonetheless, I hope that the Republican members of the House Judiciary Committee will reconsider the actions they are contemplating with respect to this legislation. The bill before them is the most significant antitrust legislation to be considered since the passage of the Celler-Kefauver Act in 1950. Despite the procedural differences which we have encountered, I believe that we all want to see this legislation enacted.

One paragraph of this "Dear Colleague" letter is of specific concern to me. It reads as follows:

> When Mr. McClory and Mr. Railsback protested that no House member, to their knowledge, had agreed to the provisions of the Senate substitute (see Congressional Record, September 2, 1976, pages 28936 and 29032, certain Senators expressed their dismay. Thereupon, the Senate floor manager of the bill assured his colleagues that the substitute contained "the provisions we were advised could be accepted on the House floor without going to conference." Congressional Record, September 7, 1976, page 29147. Apparently, someone winked at the Senate's deletion of two very important safeguards in the House parens patriae title concerning contingency fees and the aggregation of damages. At this critical juncture, we were never consulted.

Mr. President, I wish to make it absolutely clear that no one winked at the Senate's deletion of these two provisions. To accommodate the strong views of certain members of the House Judiciary Committee, the Senate managers acceded to the demand that patent fraud be deleted from the parens patriae remedy. In light of this major concession, the managers of the Senate bill discussed with the House conferees on both sides of the aisle their views with respect to retaining the contingency fee and treble damage provisions and were advised of the element of risk involved in that course of action. The sponsors of this legislation

in the Senate made their decision after taking all of these factors into consideration, including the concern expressed by some members of the House Judiciary Committee. With respect to these two issues, we believe that the public will be better served if the Senate version is enacted. Out of 41 identified points of difference between the Senate and House passed versions of H.R. 8532, approximately 25 were resolved in favor of the House position; 10 in favor of the Senate position; and 6 resolved in a compromise. Because it was the Senate who could not go to conference, the Senate was in a weak bargaining position. It is difficult to believe that the House would have fared better if this legislation had been the subject of a conference.

The House Judiciary Committee Republicans are upset because of two provisions in the Senate amendment. One would permit certain kinds of contingency fees to be paid by the State to a private attorney in parens patriae actions if the amount of the fee is determined by the court. The Senate amendment contains an absolute ban on percentage contingency fees, such as one-third, or 25 percent, of the amount recovered; but the Senate bill does leave open the possibility that a private attorney could have a fee arrangement whereby he receives nothing if he loses and $100 an hour if he wins. The Senate believes this compromise with respect to the contingency fee issue prohibits those types of contingency fees which could tend to award lawyers more in legal fees than consumers would receive in damages. The type of court-supervised fee permitted, however, will serve to deter the filing of frivolous suits, since a lawyer who will receive nothing if he loses should tend to file only meritorious cases.

The other provision about which the House Judiciary Committee Republicans are upset is the elimination in the Senate version of a provision which would permit the reduction of treble damages to single damages where a defendant can establish that the violation was in good faith. Whatever merit this provision had in the original House bill—which permitted damages to be aggregated for any violation of the Sherman Act—the Senate does not believe it necessary to continue that provision now that damages can only be aggregated for prospective price fixing. In our view, the notion of good faith price fixing no longer has legal significance and is by definition an impossibility.

It is my hope that these members of the House Judiciary Committee will reconsider their proposed actions to open the Senate bill to further amendment. It is my judgment that amending the bill is tantamount to killing the bill. I would like to ask the distinguished majority leader whether the antitrust bill will be scheduled for Senate action if it is amended by the House?

Mr. MANSFIELD. It is not a matter of the leadership scheduling the antitrust bill again, it is a matter of disposing of the bill if it must be considered again in the Senate. It is a known fact that if the antitrust bill returns to the Senate, it will never reach a vote before sine die adjournment. For these reasons, the antitrust bill would not be called up by the leadership for Senate consideration since such would be an act of futility.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

Under the previous order, the Senator from South Carolina (Mr. HOLLINGS) is recognized for not to exceed 15 minutes.

ENERGY POLICY

Mr. HOLLINGS. Mr. President, with respect to the subject at hand, energy, it is sad that the administration has literally refused to set a comprehensive, understandable, energy policy so that the people of this Nation could receive some direction and, in turn, we in the Congress would be able to legislate that understandable policy.

I say that advisedly. I well remember the distingiushed majority leader's suggestion at the time that President Ford came into office and the economic summit conferences were underway which spilled over, necessarily, into the energy question.

At that particular time, we had experts come in, bankers, economists, energy experts, and what have you. We were talking of the impact of the October 1973 Arab embargo and the inordinate and insupportable quadrupling of oil prices by OPEC. The determination of the President of the United States was a determination of the Congress. The people also were of one mind, that we could not yield to monopolistic cartel pricing of energy in America.

The fact of the matter is that there was some thought at that particular time that we ought to have conservation of energy by inflation. Specifically, they thought that what we ought to do was to run up the price of a gallon of gasoline some 30 cents and that would economically force us to conserve. It would economically, of course, put the poor man out of a job. Of course, in essence and to some extent that did occur uncontrollably as a result of the embargo, but there were some who wanted that to be an affirmative policy of the Government.

It was Mr. Sawhill, if you will remember, Mr. President, who was the energy czar at the time, and he came forward that fall and suggested just that: a gasoline tax.

Well, the President was so disturbed that within 30 days that gentleman had left town. We were not going to have any increase in oil pricing according to the President. This is what President Ford said in support of the Republican candidates and in his speeches that fall, for example, in Anderson, Greenville, and Rock Hill, S.C., when he said there was no question about it the people would not suffer such a tax. If there was any further question, the Business Advisory Council on December 11, 1974, stated that such was the President's and the administration's position when that group began to see recession and high unemployment, and said the pending recession was due to the monopolistic pricing of oil by OPEC.

To show that the President was not only going to talk but act in the one direction, on December 31 he vetoed the cargo preference bill. This was the measure which not only tried to develop an energy policy but also to develop a vessel carriage capability, to have a deliverable capacity within our own merchant fleet. The 94 percent of the crude oil comes into the United States in foreign-flag vessels. Only 6 percent of the oil supplies imported into the United States, which now amounts to 40 percent of our consumption, is shipped in American bottoms.

Congress thought from a national policy we ought to have a National Cargo Preference Act mandating that at least one-third of our oil come in by our own vessels, realizing that it would cost additional money, estimated at that time to be some 12 cents a barrel extra, but deciding that the price was worth the assuredness of supply.

The President of the United States, on December 31, said—

> I veto this measure because this is inflationary. The ripple effect of an additional 12 cents a barrel in the cost of oil will veritably wreck the economy.

But by January 1, 1975, the President was racing Carl Albert to the TV. They could not wait for the annual message to the Congress. The Speaker was going to appear and the President was going to appear. When he appeared, within 12 days he had done a complete switch and instead of 12 cents being inflationary, instead of opposing the Shah of Iran who the Secretary of the Treasury, Mr. Simon, said was a nut, instead of controls to work the economy back into shape and protect the aircraft industry and our manufacturing productivity dependent upon energy, the President said:

> No, Mr. Shah of Iran, I was wrong. You were right. Rather than hold back, we are going to join you. Instead of 12 cents, we want $3 a barrel in oil and we want decontrol no later than April 1.

Therein the year 1975 was spent—in the debate and struggle between the Congress and the administration over price.

If we had adopted the President's program, the Library of Congress said we would have had $40 billion of additional inflation. So we held the line on that excise tax. We even brought lawsuits. We fought all year long on the floor, in committee and in conference committees, not to mention in the media, trying to counteract the blitz of big oil and the like. We held the line on controls. Finally, down to the wire in December, S. 522, the Energy Policy and Conservation Act, was signed by the President, which while it held the line to what extent we could, violated the spirit of trying not to increase the cost of energy. But we at least held it to that level. We were able to put in that bill, over the objection of the administration, certain conservation measures which had been opposed by them from the very beginning, such as auto fuel economy.

When we finally had the Conservation Act, it was interesting that the president

of General Motors came on national TV to say:

We at GM care about you and want to offer a car that gets better mileage.

The cars are getting smaller.

Of course, that is what we all have to have if we are going to conserve energy as a national policy. But the industry and the administration opposed the fuel economy proposal all the way down the line. Of course, everyone said from the beginning that that was the cheapest energy source of all; namely, energy conservation.

The former FEA Assistant Administrator for Energy Conservation, Mr. Sant, said that conservation is the cheapest source of energy we have. He struggled for it but he finally gave it up—the ghost, as we say down my way.

Mr. President, I ask unanimous consent that a news article which appeared in the New York Times, dated April 28, 1976, be printed in the RECORD at this point.

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

[From the New York Times, April 28, 1976]

AN ENERGY AIDE TELLS OF THREE REBUFFS BY WHITE HOUSE IN CONSERVATION PLEA

WASHINGTON, April 27.—Roger W. Sant, for two years the Government's energy conservation chief, said in an interview that the White House had rebuffed three attempts by him to have President Ford give more conspicuous personal support to the conservation of energy.

He said that in 1974 and 1975 he twice proposed a conference sponsored by the White House, one along the lines of the 1974 anti-inflation conference, and once suggested a televised speech by the President on energy conservation.

Mr. Sant related this last week without rancor. He blamed himself for not making the speech proposal as attractive as he now thinks it should have been. He praised Mr. Ford for having embraced in January 1975 proposals for mandatory energy-efficiency standards for buildings and financial assistance to help low-income families winterize their houses.

PROPOSAL WAS REGISTERED

Mr. Sant, 44 years old, has resigned as an assistant Federal energy administrator for conservation and environment as of May 15 to return to business. Mr. Ford accepted the resignation in a letter that expressed "deep regret."

Mr. Sant's disclosure about failing to win more support from the President followed an announcement last week that the Energy Research and Development Administration had raised conservation to its top-priority category.

Some officials in the research agency have said privately that the President's budget office resisted the higher priority in a long inter-agency debate that resulted in a general toning down of conservation in a revised plan on energy development. But other high-ranking officials said that the debate was the kind that the Office of Management and Budget engaged in with all agencies on virtually all programs.

The budget office, it was reported, feared that the higher priority would lead to proposals to increase spending on conservation. So, it insisted on language emphasizing the role of the private sector in fostering conservation.

BUSINESS IS CRITICIZED

On Capitol Hill, too, there has been criticism of the budget office for what some Democrats see as insufficient support for conservation. In asking Congress for $50 million for grants on energy conservation for states in 1977, the budget office increased planned spending for conservation to $62.6 million. But at the same time, $40 million worth of other programs was dropped or scaled back.

Mr. Sant said that after two years of pushing energy conservation he concluded that the public would practice it "only to the extent it's economically attractive."

Even then, he said, the public needs "an awful lot of information," it does not have. "You almost have to go door to door," he said. "People don't have the information. They don't know how much they would save with storm windows, a more efficient refrigerator."

Even business, presumably more cost conscious and better able to appraise the economies of conservation, has done little to eliminate unnecessary consumption of energy, despite big increases in oil and electricity prices, Mr. Sant said.

Business can save 15 to 25 percent of its energy costs "without investing a thing," he said. For that matter, added Mr. Sant, who has a master's degree from the Harvard Business School, many businessmen "don't use materials and labor efficiently," said these factors usually account for a larger share of costs than energy does.

Mr. Sant said that the American people would drive less or accept other inconveniences to save energy in a national emergency, but not otherwise. He was asked whether this was not tantamount to saying that President Ford had failed to persuade the public that growing reliance on imported oil was a threat to the country.

"You'd almost have to say that," Mr. Sant replied. "We've not done a very good job of showing the threats of the future."

He said that in 1975; the Democratic Congress rejected all strong options to save energy, such as import quotas, production restrictions, rationing and much higher prices.

Although ostensibly sympathetic to regulatory devices instead of higher prices, House Democrats yielded, Mr. Sant said, to the political power of thousands of home builders and refused to make energy standards for buildings mandatory, as Mr. Ford had proposed.

Mr. HOLLINGS. The article states:

Roger W. Sant, for two years the government's energy conservation chief, said in an interview that the White House had rebuffed three attempts by him to have President Ford give more conspicuous personal support to the conservation of energy.

This is what we are talking about.

When we get a strip mining bill even less burdensome than the State of Pennsylvania, a coal State, has adopted as a matter of policy, so we can go from the shortage of oil and gas over to the abundance of coal, we get a veto message and are stopped in our tracks.

When we come in with a bill for the conservation of energy and fuel economy, they say, "Let us wait 5 years." And now Mr. Zarb and others admit that we will have to set the policy at the Washington level if we are to have conservation.

Since my time is limited I jump quickly to the conservation within construction.

We have all heard of the tremendous waste wherein, for example, the World Trade Towers in the city of New York consumes as much energy as the entire city of Syracuse, with two-thirds of it being wasted.

As my colleague from Iowa talked about glass buildings when we were debating the Legislative Appropriations bill last week, we wanted to work with the American Institute of Architects and other groups to establish a national policy on new building standards and retrofit of existing structures. We had reported a $10 billion conservation program that would have paid for itself. The AIA testified that by the year 1990, 12.5 million barrels a day of oil could be saved if we had adopted that conservation approach.

That $10 billion program was watered down to a $200 million little demonstration, in struggling with this administration. If you look at the budget, specifically at ERDA—and the present Presiding Officer (Mr. BUMPERS) is very familiar with this particular budget—only 2 percent of the ERDA budget is directed at conservation.

Energy provides a clear example of the Ford administration's inability to properly analyze and provide leadership on critical national issues. This is particularly true with respect to energy conservation, where progress has been made largely through congressional initiative, and too often over the objections of the Office of Management and Budget, and other executive agencies.

The basic Ford administration approach to dealing with the energy problem is reflected in S. 2532, a bill to establish a supply-oriented Energy Independence Authority with a goal of energy independence by 1985. However, such a policy is doomed to failure, because as every knowledgeable energy expert knows, achieving such independence by 1985 is virtually impossible and would carry an unacceptable price tag in terms of cost and damage to the environment.

Equally disturbing is the complete omission in S. 2532 of a finding that investments in conservation can reduce imports more cheaply than could increased production. This is a fundamental failure of current administration energy policy, which some critics have labeled a "blueprint for an energy disaster."

Every study that has taken a broad look at our national energy posture has documented the enormous potential for conservation in this country. The American Institute of Architects, in a report entitled "A Nation of Energy Efficient Buildings by 1990," has estimated that:

If we adopted a high-priority national program emphasizing energy efficient buildings, *we could by 1990 be saving the equivalent of more than 12.5 million barrels of petroleum per day.*" (Emphasis added)

Dennis Hayes, author of the Worldwatch Institute's study entitled "Energy: The Case for Conservation," categorically states that,

Energy obtained through conservation is the largest source of new energy currently available to the United States.

Even the Energy Research and Development Administration has estimated that improved efficiencies in end-use energy systems could reduce the annual growth rate of energy consumption to less than 2 percent, resulting in a 25-percent reduction in consumption relative to the "business as usual" approach by the year 2000.

Energy conservation is also the lowest

cost, and most environmentally compatible means for minimizing dependence on imported fuel, and would seem to be the only option that could achieve substantial results in the next few years. Dr. George Hatsopolous, president of the Thermo-Electron Corp. of Waltham, Mass., has testified before the Commerce Committee that:

To produce or supply as much energy as we could save in the next decade, we would need to spend over $50 billion for increased supplies, *whereas, the capital investments to accomplish these savings would be less than half.* (Emphasis added.)

Roger Sant, former FEA Assistant Administrator for Energy Conservation and Environment, has testified that:

Conservation is the cheapest source of energy we have.

Energy conservation is also entirely consistent with continued economic growth and increased employment. This point was addressed by FEA Administrator Zarb in testimony before the Energy Subcommittee of the Joint Economic Committee:

Conservation, as I view it, is not only a means to help achieve our national energy objectives; it is also in the economic self-interest of consumers and businessmen.

It was also addressed by Richard Aspenson, a vice president of the 3M Corp., who stated in a speech on October 20, 1975:

Energy conservation does not put people out of work. It does not reduce our GNP. Instead, it keeps our people working. It also puts more people to work in the engineering, the construction, and the manufacturing sectors. It will also permit more capital formation by business so that new plants are built and more people employed . . . energy conservation, in addition to all its other virtues, makes good business sense.

And Dr. Charles Berg, former Chief Engineer for the Federal Power Commission, and currently a private energy consultant, who testified before the Senate Commerce Committee that:

Conservation is fundamental to the economic integrity of the U.S.A.

In the face of all this evidence, what has been the Ford administration official response:

First, opposition to most of the conservation provisions in the Energy Policy and Conservation Act and the Energy Conservation and Production Act; and

Second, emphasis on development of environmentally risky and capital intensive supply options, to the relative neglect of other more benign supply options and conservation strategies.

This latter point is very well illustrated in the administration's approach to the fiscal year 1977 ERDA budget. This budget is topheavy in its bias toward nuclear power. Also, while paying lip service to the idea of conservation, even going so far as to identify it as a "highest priority energy option," the portion of the ERDA budget devoted to conservation activities is approximately 2 percent, or roughly one-third of the increase in their nuclear budget. This reflects a basic philosophical bias against Federal assistance for conservation measure, on the basis that free market activities will lead to their implementation. However, this only serves to point up the hypocrisy in the administration's overall policy, which calls for a $100 billion intervention in capital markets for new supply technologies via S. 2532, and major Federal financial support for the establishment of a domestic nuclear fuel enrichment and recycling industry.

It is instructive to examine the development of the ERDA fiscal year 1977 budget for its conservation program to see where the leadership has been on this critical issue. The relevant numbers are summarized in the following table:

FISCAL YEAR 1977 ERDA CONSERVATION BUDGET

[In millions of dollars]

Program	ERDA request to OMB		President's budget request		Congressional appropriation	
	BA	BO	BA	BO	BA	BO
Electric energy systems	40.0	29.3	24.5	19.5	26.5	21.1
Energy storage	48.5	39.0	22.3	18.5	33.5	27.1
Industrial conservation	31.8	22.0	12.4	9.7	15.4	12.4
Transportation conservation	35.0	27.0	23.7	20.4	27.7	24.0
Buildings conservation	65.6	38.3	21.6	18.4	26.6	22.6
Improved conversion efficiency	14.5	10.5	15.5	4.6	23.7	12.7
Energy extension service	0	0	0	0	7.5	5.0
Total	235.3	166.1	120.0	91.0	160.9	124.9

Examination of this table reveals that the original ERDA request to OMB, which was the product of two levels of in-house budget review at ERDA, was slashed in half in the President's budget. It was only through subsequent budget action by House and Senate committees that the funding levels shown in the final two columns were achieved. These figures are still adequate in light of the need and the opportunity that exists, but without the concern and leadership of the Congress, these figures would have been considerably smaller.

It seems clear that the Ford administration does not understand the vital role that conservation must play in our national policy. Several Government officials who did understand this need have left Government service severely disillusioned. Little has been done, in general, to steer our course away from increased dependence on foreign energy supplies on a timely basis. Project Independence is a failure, and the current administration is still pushing policies that have potentially long-term negative impacts for the Nation. New executive leadership is vitally needed to help steer our Nation into a more appropriate energy posture, a posture which the Congress has been struggling against heavy odds to define and implement.

We never have been able to sell the administration with respect to energy conservation, either in housing, in automobiles, or in industry, with respect to the wasteful policy relative to the burning of natural gas under boilers for example. They have opposed it at every turn. Whenever we went into a natural gas bill—and the distinguished leader has helped me try to bring in a bill, we were opposed. We had a compromise worked out with a number of our Republican colleagues, even Republican Senators from oil States could go along with it, we reported it out on a vote of 16 to 1 from the Committee on Commerce, and we finally thought we could go forward with this particular natural gas bill, but the administration opposed it. So as we stand here this morning discussing the Ford policy with respect to energy, there is none.

We tried. I suggested directly to the President an energy policy council, which has passed the U.S. Senate on three occassions. This is very much like the Council of Economic Advisers; we have economics permeating every agency and department of the Government, and so it is with energy. We used to have 78; we now have 91 different groups. I have had bipartisan support for such a council. Paul McCracken and many others have said this would be a wise approach, that we ought to have one spot in Government where we could go to obtain the information necessary, and I have included insertions in the RECORD which show we do not have the information on OPEC oil dealings with this country.

I wrote the Secretary of State, I wrote the Secretary of Commerce, I wrote the GAO, and I wrote Frank Zarb of the FEA, and I ask unanimous consent Mr. President, to have printed in the RECORD my letter and those letters.

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

JUNE 11, 1976.

Hon. HENRY KISSINGER,
Secretary of State,
Washington, D.C.

DEAR MR. SECRETARY: As you know, the problem of protecting the American consumer against the economic power of the OPEC cartel is a crucial concern of energy policy. In that connection I would appreciate it if you could provide me with answers to the following questions at the earliest possible time.

1. Do you or anyone in the Executive Branch know the complete terms and conditions of contracts or other arrangements between petroleum companies and producing state governments pursuant to which crude oil and refined petroleum products are imported into the United States? If so, please provide me with copies of the principal agreements between the major petroleum companies and the principal producing state governments.

2. If the Executive Branch now has access to such contracts or arrangements, can you assure me that appropriate officials of the

State Department or other agency have an opportunity to examine the terms and conditions of such contracts or arrangements to enable such responsible federal officials to advise the parties of public interest considerations prior to the time that such contracts or arrangements are concluded? If so, who are the responsible federal officials who provide advice prior to the final conclusion of such contracts or other arrangements?

3. Does the State Department or any other agency of the Executive Branch now have statutory authority to require key importers of oil to disclose to the federal government the terms and conditions of contracts or other arrangements between them and the oil producing governments? Is there current statutory authority whereby a responsible federal official can require petroleum companies to keep him fully and currently informed of the status and direction of all negotiations concerning the terms and conditions under which crude oil or refined petroleum products are imported into the United States? Please cite such statutory authority if it exists. If such statutory authority currently exists, has it been exercised?

I thank you in advance for your assistance. I would very much appreciate receiving your answer no later than June 18, 1976.

Sincerely yours,

ERNEST F. HOLLINGS,
U.S. Senator.

SECRETARY OF COMMERCE,
Washington, D.C., August 30, 1976.

Hon. ERNEST F. HOLLINGS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HOLLINGS: Thank you for your letter of June 7 in which you posed a number of questions regarding Executive Branch knowledge of the negotiations and resulting agreements between petroleum companies and producing state governments pursuant to which crude oil and products are imported in the United States. I regret the delay in my reply.

Several agencies within the Executive Branch, including the State Department, the Federal Energy Administration, the Department of Treasury and the Department of Commerce, frequently consult with United States oil companies on the current oil situation including any agreements which they are either negotiating or have negotiated with producer governments. While we have not established a formal mechanism for obtaining information of this sort from the oil companies, we have found that the companies appreciate our need for information and have in fact been responsive to our requests.

To give you an idea of what is involved here, State, FEA and Commerce have all been periodically briefed by the ARAMCO partners on the ongoing negotiations between ARAMCO and Saudi Arabia. We also have extensive knowledge of the agreements which have been concluded between OPEC nations and the oil companies in Kuwait and Venezuela. As you know, modifications of the current agreement with Iran are presently under discussion.

While these agreements are different in detail, they have several common elements:

1. Price levels are not the subject of the negotiations in that OPEC nations reserve the right to determine these on an ad-hoc basis. The companies as a result generally insist upon an escape clause in the event that either demand plummets or there are significant price differentials between different kinds of crude.

2. The countries often assume primary control over future investment and management.

3. The companies basically provide technical services and assure purchase of crude in return for a fee or discount.

4. The general practice is for the companies not to obligate themselves to purchase full peak production levels of crude.

The State Department and the Federal Energy Administration probably keep in closest touch with emerging agreements between oil companies and producer nations—State through its embassies abroad and in Washington and FEA as a part of its normal energy information gathering activities. While the State Department does not maintain a complete collection of the agreements between the major petroleum companies and the principal producing states, we can assure you that in general the Executive Branch does have the opportunity to discuss with the companies the terms and conditions of significant arrangements and is able to advise them of public interest considerations prior to the time that such arrangements are concluded.

As you know, Frank Zarb has stated in his letter to you of July 15 that he believes FEA has adequate authority to require production of individual contracts if that is necessary to assist in the formulation of energy policy or to carry out its statutory functions. FEA has not formally instituted such a system, because we have not felt that such a step is currently necessary. The matter is, however, under continuing review.

We share your concern that negotiations between the oil companies and OPEC nations have important implications for American consumers. However, given the market power of the OPEC cartel, the companies have only very limited leverage in negotiating these agreements, particularly with regard to price. We have, nevertheless, sufficient information to be able to intervene with the companies if the negotiations should move in a direction contrary to the interests of the American consumer. Thus, we do not believe there is a need for additional information gathering authority at this time.

I trust that you will consider this letter responsive to yours of June 7. Please let me know if you have any questions.

Kindest regards,

Sincerely,

ELLIOT L. RICHARDSON.

FEDERAL ENERGY ADMINISTRATION,
Washington, D.C., July 15, 1976.

Hon. ERNEST F. HOLLINGS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HOLLINGS: This is in response to your letter concerning the knowledge of Executive Branch agencies regarding contracts made by United States oil companies with the governments of producing nations for the purchase of crude oil and refined petroleum products. Although we are still in the process of consulting with other agencies concerning their practices and the information available to them, we are writing you now concerning our practices and authority. We will be back to you again when our consultations with others in the Executive Branch are complete.

The Federal Energy Administration consults frequently with U.S. companies concerning their relationships with producing countries including their arrangements for access to crude oil. We are, however, not in possession of copies of the principal agreements between companies and producing governments, other than those contracts and agreements which have been made public, nor does FEA have formal arrangements to review prospective contracts prior to the time that contracts or arrangements are entered into.

Under section 13 of the Federal Energy Administration Act and section 11 of the Energy Supply and Environmental Coordination Act of 1974, FEA has broad information collection authority. Pursuant to these authorities, FEA currently collects comprehensive price data on all crude oil sales into the United States as well as all third-party sales by U.S. companies of foreign crude oil (whether or not destined for the United States). FEA also receives detailed data on the companies' acquisition cost of foreign crude oil. Finally, FEA collects volumetric data on the liftings and sales of U.S. companies worldwide.

These sections also provide, we believe, adequate authority to require production of individual contracts if that is necessary to assist in the formulation of energy policy or to carry out our statutory functions (e.g., such as the regulation of imported crude oil prices). To this point we have not done so, but requiring submission of individual contracts under certain circumstances is currently under consideration by FEA.

If we can be of further assistance prior to completing our consultations with other agencies, please let us know.

Sincerely,

FRANK G. ZARB,
Administrator.

COMPTROLLER GENERAL
OF THE UNITED STATES,
Washington, D.C., June 21, 1976.

Hon. ERNEST F. HOLLINGS,
U.S. Senate.

DEAR SENATOR HOLLINGS: Your letter of June 11, 1976, asked several questions concerning United States Government participation in foreign petroleum supply arrangements between private oil companies and petroleum exporting countries.

To comply with your request for a reply by June 18, 1976, answers to the questions you asked are provided based on the best information currently available to us. We have underway a major study of the relationships between major multinational oil companies and the governments of the Organization of Petroleum Exporting Countries. The study was requested by Senator Humphrey as Chairman of the Joint Economic Committee and by Senator Kennedy as Chairman of that Committee's Subcommittee on Energy.

In carrying out this study we will use the authority to conduct verification examinations of the energy and financial information of petroleum companies provided GAO under Title V of the Energy Policy and Conservation Act (42 U.S.C. § 501 ff) to obtain access to contracts and other arrangements between the companies and the exporting countries. As discussed below, information on such contracts and arrangements is not now routinely available to any United States Government agency nor do any formal mechanisms exist for United States Government input to negotiations between the companies and the exporting countries.

Answers to the specific questions you raised follow.

1. It is our understanding that contractual or other arrangements whereby oil companies maintain access to foreign crude oil are considered proprietary information by them. We are aware of no Federal agency or official which has knowledge of their complete terms and conditions. It is probable that the terms of some agreements become known to Federal officials in some cases. Also, terms of particular agreements frequently appear in the trade press. However, no Federal official to our knowledge receives full information concerning these arrangements on a routine basis. As discussed above, the General Accounting Office now has authority to obtain information on such agreements pursuant to the provisions of Title V of the Energy Policy and Conservation Act.

2. While the Federal Government does not have routine access to these agreements, and does not participate directly in the negotiations leading to them, the Department of State has taken the position that the companies voluntarily provide it with sufficient information concerning the agreement, and that the companies appropriately consider Departmental advice.

GAO issued a report in this area entitled "Issues Related to Foreign Sources of Oil for the United States", B-179411, January 23,

1974, based on review work completed before the Arab oil embargo in 1973. A main conclusion of that work was that the Department of State played a passive role in foreign oil negotiations. We reported that State should seek to be more effective in coordinating foreign policy with energy policy. The Department commented that an active role in negotiations would be inconsistent with traditional Government-business relationships and be of doubtful value in enhancing the interests of the United States as a whole. A copy of the report is enclosed. Intervening events have not caused a material change in the Department's position. It was essentially reiterated as recently as June 8, 1976, in testimony delivered by Deputy Secretary of State Charles W. Robinson before the Subcommittee on Energy of the Joint Economic Committee.

3. We are aware of no statutory authority having the broad application described in this question. Under Section 254 of the Energy Policy and Conservation Act (42 U.S.C. § 6247) the Federal Energy Administration is authorized to obtain oil company data necessary to fulfill the United States commitment to the emergency sharing procedures of the International Energy Agency (IEA). This data includes information as to price and amounts of crude oil purchased, by company and by country. It is to be transmitted to the IEA by FEA in "aggregated" form, so as to make it impossible to connect the price and "crude stream" information with particular companies. Legislation requiring reporting of the type envisioned in your question was introduced, and never enacted, in the 78th and 79th Congresses. Entitled the "Foreign Contracts Act," it was inspired by a desire to obtain Government knowledge of foreign oil contracts, but it was worded to apply to all types of contracts. A reference copy is enclosed.

I should emphasize that the General Accounting Office authority to examine foreign oil supply contracts discussed above is indirect and retrospective in nature. It cannot be viewed as a substitute for continuing Government knowledge and participation in negotiations of such arrangements for protection of the overall national interest.

We will be glad to meet with you or your staff and discuss these matters further if you desire. We will be happy to keep you apprised of the progress of the ongoing study which we are doing for the Joint Economic Committee.

ELMER B. STAATS,
Comptroller General of the United States.

DEPARTMENT OF STATE,
Washington, D.C., August 10, 1976.

Hon. ERNEST F. HOLLINGS,
U.S. Senate.

DEAR SENATOR HOLLINGS: Thank you for your letter of June 11 in which you asked about the extent of our information on arrangements between petroleum companies and producer governments. In contacts with your staff we explained that your questions would receive most careful consideration.

Although we do not possess a complete collection of contracts and agreements which have been made over the years between U.S. oil companies and producer governments, we do in fact possess a number of them, acquired not always from the companies but also from producer governments or third parties. There are two very broad categories: those governing the terms of a company investment in exploration and production and those governing offtake, either at arms-length or in connection with partial or total producer government takeover of a company concession.

Within the Department of State and in our Embassies abroad in the producer countries our objective in these matters is to keep well informed of the main elements of company/government negotiations. Our concern is the one you mentioned, namely, to be in a position to consider the public interests which may be affected and to offer comments and advice to the company, or to the producer government, if there is cause or basis for doing so. We do not rely solely upon our voluntary consultations with U.S. companies to monitor these processes, although we have found that the companies are increasingly appreciative of our government's requirement to assess their arrangements in the light of U.S. national interests.

We do not have statutory authority to require disclosure of company/producer government agreements and have not to date felt a requirement for such authority. It is also important to understand what the standing and emerging agreements between companies and producer governments do *not* contain. It is ironic but possession and examinaiton of all the long-term agreements between companies and producer governments would not answer the question of how much oil is moving or will move at what prices to the consumers. Investment contracts for exploration cannot specify volumes but subsequent production is actually subject to unilateral government ceilings. Such contracts specify taxes but the price on which they are based will be adjusted unilaterally by the government. Offtake contracts specify volumes or a range of volume but whether the contract is in full effect, suspense or phasedown will depend upon price which is adjusted unilaterally by the government.

It must be remembered that OPEC's power over prices derives from our overdependence on oil imports and the lack of any clearly economic alternative energy source. The only long term solution to our energy problems is a reduction dependence on oil imports. This will require a serious national effort in energy conservation, research and development, and the accelerated development of existing energy resources.

We would welcome the opportunity to discuss further with your staff the elements of arrangements between U.S. companies and producer governments and the operations of the OPEC controlled market, if you so desire.

Sincerely yours,

KEMPTON B. JENKINS,
Acting Assistant Secretary for Congressional Relations.

Mr. HOLLINGS. We in the Congress do not have the information upon which to make an objective judgment, for example, with respect to vertical divestiture. I think I could do it with respect to horizontal, but we just do not know what actually would occur with vertical divestiture. So we have not gone this fall into the divestiture debate, because we have not been able to debate it intelligently. This exchange of correspondence will show that a fundamental item, necessary to a national energy policy has been totally lacking.

Whenever we turn to coal, whenever we turn to a policy on natural gas, whenever we turn to conservation, whenever we turn to automobile fuel economy, whenever we turn to a national energy policy, we have been turned off by this administration.

I think back a year ago, when the President was jumping on national TV, tearing the various paper months off the calendar—"What did they do in March? What did they do in April? What did they do in May?"—and ripping up the calendar.

Well, we have had all the year 1976, and we have not heard from our distinguished President, and we see, in turn, that those in charge of conservation have been quitting in disgust. We could, almost like in "What's My Line," have a contest in the National Capital and say, "Who is the energy czar? Who is the man?"

They change like the ice cream flavor of the week and we have gone through a long list. It certainly is not Rogers Morton; and do not guess Frank Zarb, because you would be wrong.

The only reason why I know who it is is that he told me so. Mr. Elliot Richardson, the Secretary of Commerce, is now the energy czar. It was hard to dig out, but he is the man we have to talk with.

Mr. President, I yield the floor.

STATE AND LOCAL FISCAL ASSISTANCE AMENDMENTS OF 1976

Mr. MANSFIELD. Mr. President, in accordance with an order of the Senate of Friday last, I ask unanimous consent that the Senate now turn to the consideration of Calendar No. 1141, H.R. 13367, an act to extend and amend the State and Local Fiscal Assistance Act of 1972, and for other purposes, the so-called revenue-sharing bill, and that it be made the pending business.

The PRESIDING OFFICER (Mr. BUMPERS). The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 13367) to extend and and amend the State and Local Fiscal Assistance Act of 1972, and for other purposes.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its consideration.

The Senate proceeded to consider the bill, which had been reported from the Committee on Finance with an amendment to strike out all after the enacting clause and insert the following language:

SECTION 1. SHORT TITLE.

This Act may be cited as the "State and Local Fiscal Assistance Amendments of 1976".

SEC. 2. AMENDMENT OF STATE AND LOCAL FISCAL ASSISTANCE ACT OF 1972.

Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the State and Local Fiscal Assistance Act of 1972, as amended (31 U.S.C. 1221 et seq.; 86 Stat 919).

SEC. 3. ELIMINATION OF EXPENDITURE CATEGORIES.

(a) Section 103 (relating to requirement that local governments use revenue-sharing funds only for priority expenditures is repealed.

(b) Section 123(a) (relating to assurances to the Secretary of the Treasury) is amended by striking out paragraph (3).

SEC. 4. ELIMINATAON OF PROHIBITION ON USE OF FUNDS FOR MATCHING.

(a) Section 104 (relating to prohibition on use of revenue-sharing funds as matching funds) is repealed.

(b) Section 143(a) (relating to judicial

review of withholding of payments) is amended by striking out "104(b) or".

SEC. 5. EXTENSION OF PROGRAM AND FUNDING.

(a) IN GENERAL.—Section 105 (relatng to funding for revenue sharing) is amended—

(1) by inserting "or (c)" immediately after "as provided in subsection (b)" in subsection (a)(1);

(2) by redesignating subsection (c) as subsection (d);

(3) by inserting immediately after subsection (b) the following new subsection:

"(c) AUTHORIZATION OF APPROPRIATIONS FOR ENTITLEMENTS.—

"(1) IN GENERAL.—There are authorized to be appropriated to the Trust Fund to pay the entitlements hereinafter provided—

"(A) for the period beginning January 1, 1977, and ending September 30, 1977, $5,237,500,000;

"(B) for the fiscal year beginning October 1, 1977, $7,050,000,000;

"(C) for the fiscal year beginning October 1, 1978, $7,200,000,000;

"(D) for the fiscal year beginning October 1, 1979, $7,350,000,000;

"(E) for the fiscal year beginning October 1, 1980, $7,500,000,000; and

"(F) for the fiscal year beginning October 1, 1981, $7,650,000,000.

"(2) NONCONTIGUOUS STATES ADJUSTMENT AMOUNTS.—There are authorized to be appropriated to the Trust Fund to pay the entitlements hereinafter provided—

"(A) for the period beginning January 1, 1977, and ending September 30, 1977, $3,764,699;

"(B) for the fiscal year beginning October 1, 1977, $5,067,519;

"(C) for the fiscal year beginning October 1, 1978, $5,125,338;

"(D) for the fiscal year beginning October 1, 1979, $5,283,157;

"(E) for the fiscal year beginning October 1, 1980, $5,340,976; and

"(F) for the fiscal year beginning October 1, 1981, $5,498,795."; and

(4) by inserting "; AUTHORIZATIONS FOR ENTITLEMENTS" in the heading of such section immediately after "APPROPRIATIONS".

(b) CONFORMING AMENDMENTS.—

(1) Subsection (a) of section 106 (relating to general rule for allocation among States) is amended to read as follows:

"(a) IN GENERAL.—There shall be allocated an entitlement to each State—

"(1) for each entitlement period beginning before December 31, 1976, out of amounts appropriated under section 105(b)(1) for that entitlement period, an amount which bears the same ratio to the amount appropriated under that section for that period as the amount allocable to that State under subsection (b) bears to the sum of the amounts allocable to all States under subsection (b); and

"(2) for each entitlement period beginning on or after January 1, 1977, out of amounts authorized under section 105(c)(1) for that entitlement period, an amount which bears the same ratio to the amount authorized under that section for that period as the amount allocable to that State under subsection (b) bears to the sum of the amounts allocable to all States under subsection (b).".

(2) Paragraph (1) of section 106(b) (relating to general rule for determining allocable amounts) is amended to read as follows:

"(1) IN GENERAL.—For purposes of subsection (a), the amount allocable to a State under this subsection for any entitlement period shall be determined under paragraph (2), except that such amount shall be determined under paragraph (3) if—

"(A) in the case of an entitlement period beginning before December 31, 1976, the amount allocable to such State under paragraph (3) is greater than the sum of the amounts allocable to such State under paragraph (2) and subsection (c); and

"(B) in the case of an entitlement period beginning on or after January 1, 1977, the amount allocable to such State under paragraph (3) is greater than the amount allocable to such State under paragraph (2)."

(3) Paragraph (1) of section 196(c) (general rule for noncontiguous State adjustment) is amended to read as follows:

"(1) IN GENERAL.—In addition to the amounts allocated to the States under subsection (a), there shall be allocated for each entitlement period an additional amount to any State in which civilian employees of the United States Government receive an allowance under section 5941 of title 5, United States Code—

"(A) in the case of an entitlement period beginning before December 31, 1976, out of amounts appropriated under section 105(b)(2), if the allocation of such State under subsection (b) is determined by the formula set forth in paragraph (2) of that subsection; and

"(B) in the case of an entitlement period beginning on or after January 1, 1977, out of amounts authorized under section 105(c)(2)."

(4) Section 106(c)(2) (relating to amount of noncontiguous State adjustments) is amended—

(A) by striking out "subsection (b)(2)" and inserting in lieu thereof "subsection (b)", and

(B) by inserting immediately after "section 105(b)(2) for any entitlement period" the following: "beginning before December 31, 1976, or authorized under section 105(c)(2) for any entitlement period beginning on or after January 1, 1977,".

(5) Section 108(b)(6)(D)(i) (relating to entitlements less than $200) is amended by inserting after "6 months" the following: ", $150 for an entitlement period of 9 months".

(6) Section 108(c)(1)(C) (relating to optional formula for allocation among local governments) is amended by striking out "December 31, 1976," and inserting in lieu thereof "September 30, 1982,".

(7) Section 141(b) (relating to definition of "entitlement period" is amended by inserting at the end thereof the following new paragraphs:

"(6) The period beginning January 1, 1977, and ending September 30, 1977.

"(7) The one-year periods beginning October 1 of 1977, 1978, 1979, 1980, and 1981.".

SEC. 6. SPECIAL ENTITLEMENT RULES.

(a) STATE MAINTENANCE OF TRANSFERS TO LOCAL GOVERNMENTS.—

(1) Paragraph (1) of section 107(b) (relating to general rule for State maintenance of transfers to local governments) is amended to read as follows:

"(1) GENERAL RULE.—

"(A) PRE-1977 ENTITLEMENT PERIODS.—The entitlement of any State government for any entitlement period beginning on or after July 1, 1973, and before December 31, 1976, shall be reduced by the amount (if any) by which—

"(i) the average of the aggregate amounts transferred by the State government (out of its own sources) during such period and the preceding entitlement period to all units of local government in such State, is less than,

"(ii) the similar aggregate amount for the one-year period beginning July 1, 1971.

"(B) POST-1976 ENTITLEMENT PERIODS.—The entitlement of any State government for any entitlement period beginning on or after January 1, 1977, shall be reduced by the amount (if any) by which—

"(i) one-half of the aggregate amounts transferred by the State government (out of its own sources) during the 24-month period ending on the last day of the last fiscal year of such State for which the relevant data are available (in accordance with regulations prescribed by the Secretary) on the first day of such entitlement period, to all units of local government in such State, is less than,

"(ii) one-half of the similar aggregate amount for the 24-month period ending on the day before the start of the 24-month period described in clause (i).

"(C) For purposes of subparagraphs (A)(i) and (B)(i), the amount of any reduction in the entitlement of a State government under this subsection for an entitlement period shall, for subsequent entitlement periods, be treated as an amount transferred by the State government (out of its own sources) during such period to units of local government in such State.".

(2) Section 107(b)(2) (relating to adjustment where State assumes responsibility for category of expenditures) is amended—

(A) by striking out "under paragraph (1)(B)" and inserting in lieu thereof "under paragraph (1)(A)(ii) or (1)(B)(ii)"; and

(B) by striking out "the one-year period beginning July 1, 1971," and inserting in lieu thereof "the period utilized for purposes of such paragraph".

(3) Section 107(b)(3) (relating to adjustments in the case of new taxing powers) is amended by striking out "paragraph (1)(B)" and inserting in lieu thereof "paragraph (1)(A)(ii) (in the case of an entitlement period beginning before December 31, 1976) or paragraph (1)(B)(ii) (in the case of an entitlement period beginning on or after January 1, 1977");

(4) Section 107(b) (relating to State maintenance of support to local governments) is amended by redesignating paragraphs (6) and (7) as paragraphs (8) and (9), respectively, and by inserting after paragraph (5) the following new paragraphs:

"(6) SPECIAL RULE FOR THE PERIOD BEGINNING JANUARY 1, 1977.—In the case of the entitlement period beginning January 1, 1977, and ending September 30, 1977, the aggregate amounts taken into account under clauses (i) and (ii) of paragraph (1)(B) shall be three-fourths of the amount which (but for this paragraph) would be taken into account.

"(7) ADJUSTMENT WHERE FEDERAL GOVERNMENT ASSUMES RESPONSIBILITY FOR CATEGORY OF EXPENDITURES.—If, for an entitlement period beginning on or after January 1, 1977, a State government establishes to the satisfaction of the Secretary that during all or part of the period utilized for purposes of paragraph (1)(B)(i), the Federal Government has assumed responsibility for a category of expenditures for which such State government transferred amounts which (but for this paragraph) would be included in the aggregate amount taken into account under paragraph (1)(B)(ii) for the period utilized for purposes of such paragraph, then (under regulations prescribed by the Secretary) the aggregate amount taken into account under paragraph (1)(B)(ii) shall be reduced to the extent that increased Federal Government spending in that State for such category of expenditures has replaced corresponding amounts which such State government had transferred to units of local government during the period utilized for purposes of paragraph (1)(B)(ii).".

(b) WAIVERS BY INDIAN TRIBES AND ALASKAN NATIVE VILLAGES.—

(1) Paragraph (4) of section 108(b) (relating to Indian tribes and Alaskan native villages) is amended by striking out the last sentence.

(2) Paragraph (6)(D) of such section (relating to effect of waivers) is amended by adding at the end thereof the following: "If the entitlement of an Indian tribe or Alaskan native village is waived for any entitlement period by the governing body of that tribe or village, then the amount of such entitlement for such period shall (in lieu of being paid to such tribe or village) be added to, and shall become a part of, the entitlement for such period of the county

government of the county area in which such tribe or village is located.".

(c) SEPARATE LAW ENFORCEMENT OFFICERS.—

(1) GENERAL RULE.—Section 108 (relating to entitlements of local governments) is amended by adding at the end thereof the following new subsection:

"(e) SEPARATE LAW ENFORCEMENT OFFICERS.—

"(1) ENTITLEMENT OF SEPARATE LAW ENFORCEMENT OFFICER.—The office of the separate law enforcement officer for any county area in the State of Louisiana (parish of Orleans excepted) shall be entitled to receive for each entitlement period beginning on or after January 1, 1977, an amount equal to 15 percent of the amount which would (but for the provisions of this subsection) be the entitlement of the government of such county area.

"(2) REDUCTION OF ENTITLEMENT OF COUNTY GOVERNMENT.—The entitlement of the government of a county area for an entitlement period shall be reduced by an amount equal to one half of the entitlement for the separate law enforcement officer for such county area for such entitlement period.

"(3) REDUCTION OF ENTITLEMENT OF STATE GOVERNMENT.—The entitlement of the State government of Louisiana for an entitlement period shall be reduced by an amount equal to the sum of the reductions provided under paragraph (2) for governments of county areas in such State for such entitlement period."

(2) CONFORMING AMENDMENTS.—

(A) Section 108(b)(7)(A) (relating to general rule for adjustment of entitlement) is amended by striking out "and any adjustment required under paragraph (6)(D) last." and inserting in lieu thereof "any adjustment required under paragraph (6)(D) next, and any adjustment required under subsection (e) last.".

(B) Section 108(d)(1) (defining "unit of local government") is amended by adding at the end thereof the following: "Such term also means (but only for purposes of subtitles B and C) the office of the separate law enforcement officer to which subsection (e)(1) applies.".

(C) Section 107 (relating to entitlements of State governments) is amended by adding at the end thereof the following new subsection:

"(c) CROSS REFERENCE.—

"For reduction of State government entitlement because of provision for separate law enforcement officers, see section 108(e).".

(d) CURRENCY OF DATA.—

(1) Section 109(a)(7) (relating to data used and uniformity of data) is amended—

(A) in subparagraph (A) by striking out "subparagraph (B)" and inserting in lieu thereof "subparagraph (B) or (C)", and

(B) by adding at the end thereof the following new subparagraph:

"(C) TAX COLLECTIONS.—Data with respect to tax collections for a period more recent than the most recent reporting year for an entitlement period (as defined in subsection (c)(2)(B)) shall not be used in the determination of entitlements for such period."

(2) Section 109(c)(2)(B) (defining "most recent reporting year") is amended by striking out "made before the close of such period." and inserting in lieu thereof "made before the beginning of such period.".

(e) LIMITATION ON ADJUSTMENT OF PAYMENTS.—Section 102 (relating to payments to State and local governments) is amended—

(1) by striking out "Except" and inserting in lieu thereof "(a) IN GENERAL.—Except"; and

(2) adding at the end thereof the following new subsection:

"(b) LIMITATIONS ON ADJUSTMENTS.—No adjustment shall be made to increase or decrease a payment previously made to a State government or a unit of local government, unless a demand therefor shall have been made by such government or the Secretary within 1 year of the end of the entitlement period with respect to which the payment was made."

(f) RESERVES FOR ADJUSTMENTS.—Section 102 (relating to payments to State and local governments), as amended by subsection (e), is amended by adding at the end thereof the following new subsection:

"(c) RESERVES FOR ADJUSTMENTS.—The Secretary may reserve such percentage (not exceeding 0.5 percent) of the total entitlement payment for any entitlement period with respect to any State government and all units of local government within such State as he deems necessary to insure that there will be sufficient funds available to pay adjustments due after the final allocation of funds among such governments."

SEC. 7. CITIZEN PARTICIPATION; REPORTS.

(a) Section 121 (relating to reports on use of funds and publication of reports) is amended to read as follows:

"SEC. 121. REPORTS ON USE OF FUNDS; PUBLICATION AND PUBLIC HEARINGS.

"(a) PUBLIC HEARINGS; PLANNED USE REPORTS.—Each State government and unit of local government which expects to receive funds under subtitle A for any entitlement period beginning on or after October 1, 1977 (other than a government to which an election under subsection (b) applies with respect to such entitlement period), shall hold a public hearing on its proposed budget at least 7 days before the adoption of its budget. Such hearing shall be held at a time and place convenient for general public attendance. At such hearing, citizens shall have the opportunity to provide written and oral comment to the body responsible for enacting the budget concerning the use of funds made available to such government under subtitle A. Before such hearing, such government shall have a copy of its report on its entire budget published in a newspaper which is published within the State and has general circulation within the geographic area of such government. Such report shall show a summary of the entire budget for such government's previous fiscal period, for such government's current fiscal period, and as proposed for such government's coming fiscal period, and for each such period shall show the amounts of funds made available or to be made available to such government under subtitle A, as well as other sources of funds and total expenditures. Such publication shall be made at such time as to give adequate notice of the public hearing, and indicate the time and place of the public hearing.

"(b) ELECTION.—

"(1) Subsection (a) shall not apply to any State government or unit of local government which—

"(A) is required by law to hold a public hearing at which citizens have the opportunity to provide written and oral comment to the body responsible for enacting the budget of such government, before the expenditures of its own revenues, and is required by law to provide for publication and adequate notice of such hearing;

"(B) certifies that it will conduct a hearing and provide for publication and notice with respect to the funds such government expects to receive under subtitle A, under the same law described in subparagraph (A); and

"(C) elects under this subsection that the provisions of subsection (a) shall not apply.

"(2) Such election shall include a brief description of the public hearing process and notice procedures that apply with respect to the expenditures of such government's revenues and that are proposed to apply with respect to the funds expected to be received under subtitle A. Such election shall apply to funds for such entitlement periods as are specified in such election and as to which such hearing process and notice procedure are applicable.

"(c) SPECIAL RULES.—

"(1) LEGISLATIVE BRANCH COMMITTEES.—In the case of a State government or a unit of local government where expenditures of funds expected to be received under subtitle A are considered by committees of a body exercising legislative powers, the provisions of this section shall apply with respect to hearings before such committees.

"(2) PUBLICATION OF PROPOSED USE REPORTS.—The requirement of newspaper publication of proposed use reports with respect to funds made available (or expected to be made available) for an entitlement period shall not apply if the direct cost of such publication would exceed 15 percent of the amount of the funds expected to be received under subtitle A for such entitlement period (or the sum of the amounts of funds expected to be received for such entitlement periods, where the report applies to funds expected to be received for more than one entitlement period). Such requirement may be waived in whole or in part with respect to an election period, if compliance with the waived requirement for such period is found by the Secretary (in accordance with regulations prescribed by the Secretary) to be impractical.

"(3) BUDGETS.—The Secretary shall provide for regulations for the application of this section to circumstances under which the State government or unit of local government does not adopt a budget.".

SEC. 8. NONDISCRIMINATION PROVISIONS.

(a) IN GENERAL.—Section 122 (relating to nondiscrimination provisions) is amended to read as follows:

"SEC. 122. NONDISCRIMINATION PROVISIONS.

"(a) IN GENERAL.—No person in the United States shall, on the ground of race, color, national origin, or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity of a State government or unit of local government which (1) has been designated as being funded in whole or in part with funds made available under subtitle A, or (2) under all the facts and circumstances is demonstrated to be funded in whole or in part with funds made available under subtitle A.

"(b) DETERMINATION BY THE SECRETARY.—

"(1) NOTICE OF NONCOMPLIANCE.—Within 10 days after the Secretary has received a holding described in subsection (c)(1) or has made a finding described in subsection (c)(4), with respect to a State govenment or a unit of local government, he shall send a notice of noncompliance to such government, clearly setting forth the specific acts of exclusion, denial, or discrimination which constitute the failure to comply with subsection (a).

"(2) PROCEDURE BEFORE SECRETARY; SUSPENSION OF PAYMENT OF REVENUE SHARING FUNDS.—Within 60 days after a notice of noncompliance has been sent to a State government or a unit of local government in accordance with paragraph (1), such government may informally present evidence to the Secretary regarding the issues of—

"(A) (except in the case of a holding described in subsection (c)(1)) whether there has been exclusion, denial, or discrimination on account of race, color, national origin, or sex, and

"(B) whether the program or activity in connection with which such exclusion, denial, or discrimination is charged has been designated as being funded in whole or in part with funds made available under subtitle A or, under all the facts and circumstances, is demonstrated to be funded in whole or in part with funds made available under subtitle A.

Before the end of such 60-day period, unless a compliance agreement is entered into with such government, the Secretary shall issue a determination as to whether such government failed to comply with subsection (a). If the Secretary determines that such government has failed to comply with subsection (a), the Secretary shall suspend the payment of funds under subtitle A to such government unless such government (before the 61st day after the issuance of such determination) enters into a compliance agreement or (within 70 days after the issuance of such determination) requests a full hearing with respect to such determination.

"(3) HEARINGS BEFORE ADMINISTRATIVE LAW JUDGE; SUSPENSION OF PAYMENT OF REVENUE SHARING FUNDS.—

"(A) Hearings requested by a State government or a unit of local government pursuant to paragraph (2) shall begin before an administrative law judge within 30 days after the Secretary receives the request for the hearing.

"(B) Within 60 days after the beginning of the hearing provided under subpargraph (A), the administrative law judge conducting the hearing shall, on the record then before him, issue a preliminary finding (which shall be consistent with subsection (c)(2)) as to whether such government has failed to comply with subsection (a). If the administrative law judge issues a preliminary finding that such government is not likely to prevail, on the basis of the evidence presented, in demonstrating compliance with subsection (a), then the Secretary shall suspend the payment of funds under subtitle A to such government. No such preliminary finding shall be issued in any case where a determination has previously been issued under subparagraph (C).

"(C) If, after the completion of such hearing, the administrative law judge issues a determination (consistently with subsection (c)(2)) that such government has failed to comply with subsection (a), then, unless such government enters into a compliance agreement before the 31st day after such issuance, the Secretary shall suspend the payment of funds under subtitle A to such government; if a suspension in accordance with subparagraph (B) is still in effect, then that suspension is to be continued.

"(D) If, after the completion of such hearing, the administrative law judge issues a determination (consistently with subsection (c)(2)) that there has not been a failure to comply with subsection (a), and a suspension is in effect in accordance with subparagraph (B), such suspension shall be promptly terminated.

"(c) HOLDING BY COURT OR GOVERNMENTAL AGENCY; FINDING BY SECRETARY.—

"(1) DESCRIPTION.—A holding is described in this paragraph if it is a holding by a Federal Court, a State Court, or a Federal administrative law judge, with respect to a State government or a unit of local government which expects to receive funds under subtitle (a), that such government has, in the case of a person in the United States, excluded such person from participation in, denied such person the benefits of, or subjected such person to discrimination under any program or activity on the ground of race, color, national original, or sex.

"(2) EFFECT ON PROCEEDINGS OR HEARING.—If there has been a holding described in paragraph (1) with respect to a State government or a unit of local government, then, in the case of proceedings by the Secretary pursuant to subsection (b)(2) or a hearing pursuant to subsection (b)(3) with respect to such government, such proceedings or such hearing shall relate only to the question of whether the program or activity in which the exclusion, denial, or discrimination occurred is funded in whole or in part with funds made available under subtitle A. In such proceedings or hearing, the holding described in paragraph (1), to the effect that there has been exclusion, denial, or discrimination on account of race, color, national origin, or sex, shall be treated as conclusive.

"(3) EFFECT OF REVERSAL.—If a holding described in paragraph (1) is reversed by an appellate tribunal, then proceedings under subsection (b) which are dependent upon such holding shall be terminated; any suspension of payments resulting from such proceedings shall also be terminated.

"(4) FINDING BY SECRETARY.—A finding is described in this paragraph if it is a finding by the Secretary (made within 60 days after the Secretary receives a complaint (within the meaning of subsection (d)(1)), a determination by a State or local administrative agency, or other information pursuant to procedures provided in regulations prescribed by the Secretary) that it is more likely than not that a State government or unit of local government has failed to comply with subsection (a).

"(d) COMPLIANCE AGREEMENT.—For purposes of this section and section 124, a compliance agreement is an agreement between—

"(1) the Secretary, or

"(2) in the case of a holding described in subsection (c)(1), the government office or agency responsible for prosecuting the claim or complaint before the Federal or State court or Federal administrative law judge that conducted the proceedings giving rise to such holding (but only if the Secretary has approved such agreement)

and the chief executive officer of the State government or the unit of local government that has failed to comply with subsection (a), setting forth the terms and conditions with which such government has agreed to comply in order to satisfy the obligations of such government under subsection (a). Such agreement shall dispose of all the matters which had been held or found to constitute failures to comply with subsection (a), and may consist of a series of agreements which, in the aggregate, dispose of all such matters. Within 15 days after the execution of such agreement (or, in the case of an agreement under paragraph (2), the approval of such agreement by the Secretary, if later), the Secretary shall send a copy of such agreement to each person who has filed a complaint described in any paragraph of section 124(d) with respect to such failure to comply with subsection (a) (or, in the case of an agreement under paragraph (2), to each person who has filed a complaint with the governmental office or agency (described in such paragraph) with respect to such failure to comply with subsection (a)).

"(e) RESUMPTION OF PAYMENTS.—If payment to a State government or a unit of local government of funds made available under subtitle A has been suspended under subsection (b)(2) or (b)(3), payment of such funds shall be resumed only if—

"(1) such government enters into a compliance agreement (but only at the times and under the circumstances set forth in such agreement (or, in the case of an agreement under subsection (d)(2), only at the times and under the circumstances set forth in the Secretary's approval of such agreement));

"(2) such government complies fully with the holding of a Federal or State court, or Federal administrative law judge, if that holding covers all the matters raised by the Secretary in the notice pursuant to subsection (b)(1), or if such government is found to be in compliance with subsection (a) by such court or Federal administrative law judge;

"(3) in the case of a hearing before an administrative law judge under subsection (b)(3), the judge determines that such government is in compliance with subsection (a);

"(4) in the case of a suspension under subsection (b)(2), the Secretary determines that such government is in compliance with subsection (a); or

"(5) the provisions of subsection (c)(3) (relating to reversal of holding of discrimination) require such suspension of payment to be terminated.

"(f) AUTHORITY OF ATTORNEY GENERAL.—Whenever the Attorney General has reason to believe that a State government or a unit of local government has engaged or is engaging in a pattern or practice in violation of the provisions of this section, the Attorney General may bring a civil action in an appropriate United States district court. Such court may grant as relief any temporary restraining order, preliminary or permanent injunction, or other order, as necessary or appropriate to insure the full enjoyment of the rights described in this section, including the suspension, termination, or repayment of funds made available under subtitle A, or placing any further payments under subtitle A in escrow ending the outcome of the litigation.

"(g) AGREEMENTS BETWEEN AGENCIES.—The Secretary shall endeavor to enter into agreements with State agencies and with other Federal agencies authorizing such agencies to investigate noncompliance with subsection (a). The agreements shall describe the cooperative efforts to be undertaken (including the sharing of civil rights enforcement personnel and resources) to secure compliance with this section, and shall provide for the immediate notification of the Secretary of any actions instituted by such agencies against a State government or a unit of local government alleging a violation of any Federal civil rights statute or regulations issued thereunder.".

(b) CITIZEN COMPLAINTS.—Subtitle B (relating to administrative provisions) is amended by adding at the end thereof the following new section:

"SEC. 124. PRIVATE CIVIL ACTIONS

"(a) STANDING.—Whenever a State government or a unit of local government, or any officer or employee thereof acting in an official capacity, has engaged or is engaging in any act or practice prohibited by section 122(a), upon exhaustion of administrative remedies, a civil action may be instituted by the person aggrieved in an appropriated United States district court or in a State court of general jurisdiction.

"(b) RELIEF.—The court may grant as relief to the plaintiff any temporary restraining order, preliminary or permanent injunction or other order, including the suspension, termination, or repayment of funds, or placing any further payments under this title in escrow pending the outcome of the litigation.

"(c) INTERVENTION BY ATTORNEY GENERAL.—In any action instituted under this section to enforce compliance with section 122(a), the Attorney General, or a specially designated assistant for or in the name of the United States, may intervene upon timely application if he certifies that the action is of general public importance. In such action the United States shall be entitled to the same relief as if it had instituted the action.

"(d) EXHAUSTION OF ADMINISTRATIVE REMEDIES.—A person shall not be treated as having exhausted his administrative remedies for purposes of this section unless—

"(1) such person files a complaint (in such form and manner as is provided in regulations prescribed by the Secretary) with the Secretary describing the failure of a State government or a unit of local government to comply with section 122(a),

"(2) the Secretary, within 60 days after such complaint has been filed, either—

"(A) issues a determination that such government has not failed to comply with section 122(a);

"(B) fails to act on such complaint; or

"(C) refers such complaint to the Attorney General;

"(3) in the case of a disposition described in paragraph (2)(A) or (2)(B), such person files a complaint with the Attorney General describing essentially the same failure of such government to comply with section 122 (a); and

"(4) in the case of either a disposition described in paragraph (2)(C) or a filing described in paragraph (3), the Attorney General, within 60 days of such disposition or such filing, either—

"(A) issues a determination that such government has not failed to comply with section 122(a); or

"(B) fails to act on the complaint described in paragraph (2)(C) or paragraph (3).".

(c) JUDICIAL REVIEW.—Section 143(a) (relating to petitions for judicial review) is amended by striking out "receives a notice of withholding of payments under section 104(b) or 123(b)," and inserting in lieu thereof "receives a notice of withholding of payments under section 104(b) or 123(b) or a determination under section 122(b)(3)(C) that payments be suspended,".

SEC. 9. ACCOUNTING AND AUDITING PROVISIONS.

Section 123(c) (relating to accounting, auditing, and evaluation) is amended—

(1) by redesignating paragraph (2) as paragraph (8), and

(2) by striking out paragraph (1) and inserting in lieu thereof the following new paragraphs:

"(1) INDEPENDENT AUDITS.—Each State government and unit of local government which expects to receive funds under subtitle A for any entitlement period beginning on or after January 1, 1977 (other than a government to which an election under paragraph (2) applies with respect to such entitlement period), shall have an independent audit of its financial statements conducted for the purpose of determining compliance with this title, in accordance with generally accepted auditing standards, not less often than once every 3 years.

"(2) ELECTION.—Paragraph (1) shall not apply to any State or unit of local government whose financial statements are audited by independent auditors under State or local law not less often than every 3 years, if (A) such government makes an election under this paragraph that the provisions of paragraph (1) shall not apply, and (B) such government certifies that such audits under State or local law will be conducted in accordance with generally accepted auditing standards. Such election shall include a brief description of the auditing standards to be applied. Such election shall apply to audits of funds received under subtitle A for such entitlement periods as are specified in such election and as to which such State or local law auditing provisions are applicable.

"(3) SERIES OF AUDITS.—If a series of audits conducted over a period not exceeding 3 fiscal years covers, in the aggregate, all of the funds of accounts in the financial activity of such a government, then such series of audits shall be treated as a single audit for purposes of paragraph (1) and paragraph (2).

"(4) ENTITLEMENTS UNDER $25,000.—

"(A) The requirements of paragraph (2) shall not apply to a State government or unit of local government for any fiscal period in which such government receives less than $25,000 of funds made available under subtitle A, unless subparagraph (B) applies for such fiscal period.

"(B) in the case of a fiscal period which is described in subparagraph (A), if State or local law requires an audit of such government's financial statement, then the conducting of such audit shall constitute compliance with the requirements of paragraph (1).

"(5) WAIVER.—The Secretary may waive the requirements of paragraph (1) or paragraph (2), in whole or in part, with respect to any State government or unit of local government for any fiscal period as to which he finds (in accordance with regulations prescribed by the Secretary) (A) that the financial accounts of such government for such period are not auditable and (B) that such government demonstrates progress toward making such financial accounts auditable.

"(6) COORDINATION WITH OTHER FEDERALLY REQUIRED AUDITS.—An audit of the financial statements of a State government or unit of local government for a fiscal period, conducted in accordance with the provisions of any Federal law other than this title, shall be accepted as an audit which satisfies the requirements of paragraph (1) with respect to the fiscal period for which such audit is conducted, if such audit substantially complies with the requirements for audits conducted under paragraph (1).

"(7) AUDIT OPINIONS.—Any opinions rendered with respect to audits made pursuant to this subsection shall be provided to the Secretary, in such form and at such times as he may require.".

SEC. 10. MISCELLANEOUS PROVISIONS.

(a) BUDGET ACT.—In accordance with section 401(d)(2) of the Congressional Budget Act of 1974 (31 U.S.C. 1351(d)(2); 88 Stat. 297, 318), subsections (a) and (b) of section 401 of such Act shall not apply to this Act.

(b) OPTIONAL FORMULAS.—Section 108(c)(1) (relating to optional formulas) is amended by adding after subparagraph (C) thereof the following new sentence: "If the entitlement of a unit of local government for any entitlement period is adjusted under subsection (e), then this paragraph shall not apply to such entitlement for such period.".

(c) DEFINITION OF "UNIT OF LOCAL GOVERNMENT".—Section 108(d)(1) (defining "unit of local government") is amended by striking out "municipality, township, or other unit of local government below the State which is a unit of general government" and inserting in lieu thereof "municipality, or township, which is a unit of general government below the State".

SEC. 11. NATIONAL COMMISSION ON REVENUE SHARING AND FEDERALISM.

Subtitle C (relating to general provisions) is amended by adding at the end thereof the following new section:

"SEC. 146. NATIONAL COMMISSION ON REVENUE SHARING AND FEDERALISM.

"(a) ESTABLISHMENT.—There is established a National Commission on Revenue Sharing and Federalism (hereinafter referred to as the 'Commission'), which shall consist of 14 members who shall be appointed in accordance with subsection (b).

"(b) MEMBERSHIP.—The Commission shall be composed of—

"(1) the Speaker and the minority leader of the House of Representatives;

"(2) the majority and minority leaders of the Senate; and

"(3) ten members appointed by the President, by and with the advice and consent of the Senate, as follows—

"(A) two members of the executive branch,

"(B) two State Governors,

"(C) two local government officials (one mayor and one county official),

"(D) two representatives of business, and

"(E) two representatives of labor.

Any vacancy on the Commission shall not affect its powers, and shall be filled in the same manner as the original appointment. The Commission shall, by majority vote, select its Chairman and Vice Chairman from the members appointed by the President.

"(c) FUNCTIONS.—The Commission shall study and evaluate the American federal fiscal system in terms of the allocation and coordination of public resources among Federal, State, and local governments including, but not limited to, a study and evaluation of—

"(1) the allocation and coordination of taxing and spending authorities between levels of government, including a comparison of other federal government systems;

"(2) State and local governmental organization from both legal and operational viewpoints to determine how general local governments do and ought to relate to each other, to special districts, and to State governments in terms of service and financing responsibilities, as well as annexation and incorporation responsibilities;

"(3) the effectiveness of Federal Government stabilization policies on State and local areas and the effects of State and local fiscal decisions on aggregate economic activity;

"(4) the quality of financial control and audit procedures that exists among Federal, State, and local governments;

"(5) the legal and operational aspects of citizen participation in Federal, State, and local governmental fiscal decisions; and

"(6) the specific relationship of Federal general revenue sharing funds to other Federal grant programs to State and local governments, as well as the role of such revenue sharing funds in Federal, State, and local government fiscal interrelationships.

"(d) POWERS AND ADMINISTRATIVE PROVISIONS.—

"(1) MEETINGS.—The Commission, or, on the authorization of the Commission, any subcommittee or members thereof, may, for the purpose of carrying out the provisions of this section, hold such hearings, take such testimony, receive such evidence, and sit and act at such times and places as the Commission may deem appropriate, and may administer oaths or affirmations to witnesses appearing before the Commission or any subcommittee or members thereof. All meetings, hearings, conferences, or other proceedings of the Commission shall be open to the public unless the Commission members vote otherwise in an open session. Eight members shall constitute a quorum for purposes of transacting official business of the Commission; except that the Commission may fix a lesser number as a quorum for the purpose of taking testimony.

"(2) STAFF.—Subject to such rules and regulations as may be adopted by the Commission, the Chairman shall have the power to—

"(A) appoint and fix the compensation of an executive director, and such additional personnel as he deems advisable, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, except that the executive director may not receive pay in excess of the maximum annual rate of basic pay in effect for grade GS-18 of the General Schedule under section 5332 of such title and any additional personnel may not receive pay in excess of the maximum annual rate of basic pay in effect for grade GS-17 of such General Schedule, and

"(B) obtain temporary and intermittent services of experts and consultants in accordance with the provisions of section 3109 of title 5, United States Code.

"(e) AUTHORITY TO MAKE CONTRACTS.—The Commission is authorized to negotiate and enter into contracts with organizations, institutions, and individuals to carry out such studies, surveys, or research and prepare such reports as the Commission determines are necessary in order to carry out its functions.

"(f) COOPERATION OF OTHER FEDERAL AGENCIES.—

"(1) Each department, agency, and instrumentality of the Federal Government is authorized and directed to furnish to the Commission, upon request made by the Chairman, and to the extent permitted by law and within the limits of available funds, such data, reports, and other information as the Commission deems necessary to carry out its functions under this section.

"(2) The head of each department or agency of the Federal Government is authorized to provide to the Commission such services as the Commission requests on such basis, reimbursable and otherwise, as may be agreed between the department or agency and the Chairman of the Commission. All such requests shall be made by the Chairman of the Commission.

"(3) The Administrator of General Services shall provide to the Commission, on a reimbursable basis, such administrative support services as the Commission may request.

"(g) OTHER POWERS.—

"(1) The Commission may accept, use, and dispose of any gift or donation of services or property.

"(2) The Commission may use the United States mails in the same manner and upon the same conditions as any other Federal agency.

"(h) PAY AND TRAVEL EXPENSES.—

"(1) Except as provided in paragraph (2), members of the Commission shall serve without pay.

"(2) While away from their homes or regular places of business in the performance of services for the Commission, members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under section 5703(b) of title 5 of the United States Code.

"(i) REPORTS.—The Commission shall submit to the President and the Congress such interim reports as it deems advisable, and not later than three years after the first day on which all members of the Commission have been appointed, a final report containing a detailed statement of the findings and conclusions of the Commission, together with such recommendations for legislation as it deems advisable.

"(j) TERMINATION.—The Commission shall cease to exist 90 days after the date of submission of its final report to the President and the Congress, and all offices and employment under it shall expire.

"(k) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Commission, without fiscal year limitation, such sums as may be necessary to carry out the provisions of this section.".

SEC. 12. EFFECTIVE DATES.

(a) Except as otherwise provided in this Act, the amendments made by this Act shall apply to entitlement periods beginning on or after January 1, 1977.

(b) The amendments made by section 6 (e) apply to demands made by the Secretary for any entitlement period beginning on or after January 1, 1972, and to demands made by a State government or a unit of local government with respect to any entitlement period beginning on or after January 1, 1977.

(c) The amendment made by section 11 takes effect on February 1, 1977.

Mr. McCLELLAN. Mr. President, I ask unanimous consent that the pending business be temporarily laid aside and that the Senate proceed to the consideration of a conference report which I now submit.

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

DEPARTMENT OF DEFENSE APPROPRIATIONS, 1977—CONFERENCE REPORT

Mr. McCLELLAN. Mr. President, I submit a report of the committee of conference on H.R. 14262, and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. BUMPERS). The report will be stated by title.

The assistant legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 14262) making appropriations for the Department of Defense for the fiscal year ending September 30, 1977, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the RECORD of September 7, 1976, beginning at page 29178.)

Mr. McCLELLAN. Mr. President, I ask unanimous consent that the rule that the conference report be printed as a Senate report be waived, inasmuch as under the rules of the House of Representatives, it has been printed as a report of the House.

The PRESIDING OFFICER. Without objection, it is so ordered, and the conference report is agreed to.

Mr. GRIFFIN. Mr. President, I do not think that was the request of the Senator from Arkansas.

The PRESIDING OFFICER. Did the Senator from Arkansas request the immediate consideration and adoption of the conference report?

Mr. McCLELLAN. No, I only requested the immediate consideration, Mr. President.

The PRESIDING OFFICER. The Chair stands corrected, and will withdraw its statement that the conference report is agreed to.

Mr. McCLELLAN. Mr. President, on Wednesday, September 1, 1976, the conferees on the Department of Defense appropriations bill for fiscal year 1977 reached agreement on the differences between the two House after 3 days of meetings and about 9½ hours of deliberations.

The total amount of the new budget authority agreed to was $104,343,835,000. This is $3,620,637,000 or 3.4 percent below the administration's amended budget request. It is $1,053,508,000 below the House bill and $329,609,000 above the Senate bill.

Mr. President, this was a very harmonious conference conducted in the spirit of compromise. Altogether, there were 407 individual line item dollar or language differences, including 114 amendments made by the Senate to the House bill. The result is a bill that is $13,876,874,000, or 15.3 percent above the comparable amount funded in the defense appropriations bill last year.

All in all I think the conferees succeeded in fashioning a very reasonable compromise that funds the items needed for the security of this Nation. The conference bill is neither parsmonious nor excessive. It is, I believe, a prudent bill when one considers both this country's international responsibilities and the external threats that we must guard against.

COMPLIANCE WITH CONGRESSIONAL BUDGET RESOLUTION

Mr. President, I have a table (table I) prepared by the Congressional Budget Office showing the amount in the conference bill compared with the second concurrent resolution on the budget. The table shows that we are $405 million below the ceiling set for budget authority and $44 million below the outlay ceiling as reported by the Senate Budget Committee. I am very pleased that the conferees were able to bring this bill in at an amount that is both reasonable from the standpoint of the needs of our military forces and responsible in terms of meeting our own congressionally mandated budget ceilings.

MAJOR ITEMS IN CONFERENCE

TITLE I—MILITARY PERSONNEL

The conferees agreed to a reduction of $29,462,000 for lump sum terminal leave payments as proposed by the Senate.

However, the conferees agreed that personnel accumulating leave prior to enactment of Public Law 94-361, the 1977 Defense Authorization Act, will be paid for up to 60 days accrued leave, including allowances for quarters and subsistence. The conferees agreed that undergraduate helicopter flight training should not be consolidated in fiscal year 1977 as proposed in the budget request and the House bill. The conference directed further study, particularly of the cost savings involved with this proposal. The conferees agreed to reductions totaling $49,510,000 for military strength reductions relating to authorization. At the time the House bill was considered, authorization action had not been completed. On the question of naval districts, which the House recommended abolishing, the conference agreement funds not more than four districts and does not preclude the Navy from entirely abolishing the districts as a management concept.

TITLE II—RETIRED MILITARY PERSONNEL

The conferees agreed to provide $8,381,700,000 as proposed by the House, instead of $8,035,500,000 as proposed by the Senate. The conferees restored $346,200,000 to the bill which the Senate deleted. These funds will pay for anticipated cost of living increases that have not yet occurred. The conferees did not include any funds to pay for the additional one per cent "kicker" associated with cost of living increases pending resolution of this matter.

TITLE III—OPERATION AND MAINTENANCE

The conference agreement restored $104.2 million of a House reduction of $229.8 million for the stock fund surcharge and price stabilization program. Thus, the total amount provided for the surcharge was $448.0 million, instead of $573.6 million requested in the budget and included in the Senate bill for this program. The conferees further directed that item prices be adjusted so that funding in the bill is adequate to fully fund quantities justified for fiscal year 1977 and that the stabilization program be implemented for a 1-year trial period. The conferees agreed to the Senate reductions in civilian personnel strengths that were necessary in order to meet the strength ceilings specified in Public Law 94-361, the 1977 Defense Authorization Act. The conferees agreed to fully fund the costs associated with Exercise Reforger—a NATO exercise now under way that will be completed in fiscal year 1977.

With respect to the request for stock-funded war reserve materiel, the conferees provided a total of $219,800,000. The House had funded the full request of $357.9 million, while the Senate only provided $53 million. Subsequent to the Senate action, the Department submitted specific plans for procurement of certain war reserve items, and the conferees agreed to fund only those items where specific requirements existed.

TITLE IV—PROCUREMENT AIRCRAFT PROGRAMS

The conference agreement funds six A-6E attack aircraft for the Navy, the same number authorized. The conferees did not fund six US-3A carrier on-board delivery aircraft which had been authorized, but provided $2 million in research and development for competitive development of an aircraft that will meet all of the Navy's requirements. The conference agreement provides $28,800,000 for the advanced tanker/cargo aircraft program. In connection with the B-1 bomber, a compromise was reached which I believe to be equitable. At issue was whether the procurement funds for the B-1 could be obligated prior to February 1, 1977, which the Senate had precluded but the House permitted. The conferees agreed that, until February 1, 1977, the obligation of funds for B-1 procurement shall be limited to a cumulative rate of not to exceed $87 million per month. Essentially, this will maintain the contractor's work force intact and preserve the present B-1 schedule, but, at the same time, place an outside limit of $348 million on Government obligations through January 31, 1977.

MISSILE PROGRAMS

The conferees agreed to delete $48.4 million to initiate production of the Army's Stinger missile but provide $8,849,000 for testing of 125 development missiles. The conference agreement also includes $75 million for the nonnuclear Lance as proposed by the Senate and $41,900,000 for the AN/TSQ-73 air defense command and control system as proposed by the House. The conferees agreed to provide $67,900,000 for the AIM-7E/F Sparrow III air-to-air missile as proposed by the Senate, making a small reduction to conform to the authorization legislation. Of significance also, with regard to Navy missile programs, was the agreement that the Condor missile program be terminated as proposed by the House and the conference direction that the Navy use the remaining unobligated 1976 funds for termination costs. For Air Force missiles and related items, the conferees agreed to $179.9 million for the defense satellite communications system II—DSCS II, a compromise between $172.6 million proposed by the House and $195.4 million proposed by the Senate. The conference agreement also provides $7.3 million for procurement of a Titan IIIC booster needed in connection with the DSCS II program. The conferees also agreed to a reduction of $33,300,000 in the Maverick missile program as proposed by the Senate, in order to conform with the authorizing legislation.

SHIPBUILDING PROGRAM

A total cost of $6,195 million was included in the conference agreement, as proposed by the Senate for the shipbuilding program, instead of $6,618,300,000 as proposed by the House. The conferees agreed to the Senate position in all cases and took the following actions: Deleted funding for CSGN nuclear strike cruiser program and the DDG-47 AEGIS destroyer program—these ships were neither authorized nor included in the Senate bill; included $371 million to modernize and convert the U.S.S. *Long Beach* into an AEGIS cruiser; fully funded four PHM patrol hydrofoil missile ships approved in previous years that the House had proposed to cancel.

TITLE V—RESEARCH, DEVELOPMENT, TEST AND EVALUATION

The conferees agreed to numerous reductions made by the Senate in the case of research and development program not authorized. Authorization action was not complete at the time the House passed the defense bill. Other actions are discussed below.

AIRCRAFT PROGRAMS

The conferees agreed to delete all funds for the Aerial Scout helicopter as proposed by the Senate, instead of providing $2 million as proposed by the House. Also included in the conference agreement was $2 million for the carrier on-board delivery aircraft to initiate a fully competitive development program that will meet all of the Navy's requirements. The conferees deleted all of the funds for the low cost aircraft program as proposed by the House.

MISSILE PROGRAMS

The conference agreement includes $5 million for the Army's surface-to-surface missile rocket system. Also agreed to was $100 million for the ballistic missile defense technology program as proposed by the House, instead of $75 million as proposed by the Senate. This is the authorized amount. The conference agreement provides $25,349,000 for the Stinger surface-to-air missile program. This includes funds necessary to purchase missiles for testing and related research efforts. With respect to the Trident missile progam, a total of $568,551,000 was provided, instead of $572,551,000 as proposed by the House and $519,551,000 as proposed by the Senate. The amount provided is the same as that authorized. The conferees also agreed to $5 million for Air Force development of a new Sparrow replacement. Also included was $30.6 million for the defense satellite communications III program as proposed by the Senate for full scale development of satellites which will be suitable for launch both with the Titan IIIC booster and the Space Shuttle.

OTHER MAJOR DEVELOPMENT PROGRAMS

The conference agreement provides $14.8 million for the SEAFARER program as proposed by the House, instead of $27.1 million as proposed by the Senate. This is essentially last year's funding level and specifically excludes any of the $4.7 million requested for full scale development. An amount of $11 million was included for conversion of the U.S.S. *Long Beach* as proposed by the Senate. The House had not funded this item. The conferees agreed to provide $16.3 million, the authorized amount, for the precision location strike system. The conferees agreed that NATO should participate in the funding of this program since two or three of the four systems to be procured will be located in Europe.

GENERAL PROVISIONS

The conference reached agreement on a number of differences in the general provisions, providing as follows on the major items:

Deletes a Senate provision that would have phased out the appropriated subsidy for military commissaries over a 6-year period. The conferees agreed, however, that, if economies and efficiencies can be made in commissaries, as directed in the authorizing legislation, future commissary subsidies will be reduced accordingly.

Includes a modified version of a Senate "Buy American" provision not in the House bill.

Includes a limitation of $5 million on funding for legislative liaison activities.

Includes modified Senate language that prohibits transfers of working capital cash balances prior to notification to the Congress of such transfers.

Permits funds for the civilian health and medical program of the uniformed services—CHAMPUS—to pay for pastoral, family, child, or marital counselors, as well as perceptual or visual training.

Places a limitation of 50 percent on the number of ROTC scholarships awarded for 2-year senior ROTC courses.

Permits continuation of not more than four naval districts.

Provides that no funds appropriated may be used to pay any claim over $5 million against the United States unless such claim has been thoroughly examined and evaluated by officials of the Defense Department and a report on its validity has been made to the Congress.

Limits the number of enlisted aides to 300. The Senate had eliminated these

aides, while the House bill provided up to 396, the number authorized.

Deletes a Senate provision that prohibited the use of appropriated funds for the subsidy for transportation of military exchange goods overseas.

Deletes a Senate provision that required reasonable cost or reasonable charge criteria to be applied to CHAMPUS payments and directs a study of the matter.

Limits funds for public affairs activities of the Defense Department to $24 million.

TITLE VIII—RELATED AGENCY

The conferees agreed to provide $5.6 million for intelligence community oversight as proposed by the House and agreed that a separate appropriation would give increased independence and stature to the activities of the intelligence community staff and National Foreign Intelligence Board. Also, the conferees provided $28.3 million for the Central Intelligence Agency retirement fund, subject to enactment of authorizing legislation.

Mr. President, in connection with this conference report, I would like to point out that the one seriously controversial issue—the B–1 bomber—was satisfactorily resolved in a way that I think serves the best interests of the country. Work will continue on the B–1 bomber. There will not be a complete shutdown but at the same time the obligation of funds will be limited. By early next year there will have to be a further decision made as to whether we continue to proceed with it or make some other disposition of the issue.

For the time being, I think that was a very proper, simple, and prudent decision on the part of the conferees, and thus those on both sides who have strong feelings on this issue, are reasonably satisfied with the results that have been reached.

Mr. President, I ask unanimous consent that the table, table I, to which I have already referred comparing the amount in the conference bill with the second concurrent resolution on the budget and another tabulation, table II, summarizing the actions of the House, the Senate, and the conference be printed in the RECORD at this point.

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

TABLE I.—DEFENSE APPROPRIATIONS BILL IN COMPARISON WITH THE 2D CONCURRENT RESOLUTION, FOR FISCAL YEAR 1977, AS REPORTED BY THE COMMITTEES ON THE BUDGET

	Senate		House	
	Budget authority	Outlays	Budget authority	Outlays
Total amount in the resolution, as reported, for defense appropriations including supplementals [1]	$106,536,000,000	$95,896,000,000	$106,727,000,000	$96,034,000,000
Amount included for supplementals [1]	(1,787,000,000)	(1,729,000,000)	(2,127,000,000)	(1,934,000,000)
Amount included for H.R. 14262 [1]	(104,749,000,000)	(94,167,000,000)	(104,600,000,000)	(94,100,000,000)
H.R. 14262 as reported by the Committee of Conference	104,343,835,000	94,123,479,000	104,343,835,000	94,123,479,000
Amount H.R. 14262 is under (—) or over (+) 2d concurrent resolution as reported [1]	−405,165,000	−43,521,000	−256,165,000	+23,479,000

[1] Note: Figures shown reflect assumptions made by the Budget Committees about allocation of budget authority and outlays. Actual allocation will be made by the Appropriations Committee to the Defense Subcommittee in accordance with sec. 302(b) of Public Law 93–344 subsequent to congressional approval of S. Con. Res. 139/H. Con. Res. 728 (2d concurrent resolution).

Source: Prepared by the Congressional Budget Office Sept. 8, 1976.

TABLE II.—DEPARTMENT OF DEFENSE APPROPRIATIONS, 1977
CONFERENCE AGREEMENT

	New budget authority					Conference compared with—			
	Enacted fiscal year 1976	Estimates, fiscal year 1977	House, fiscal year 1977	Senate, fiscal year 1977	Conference, fiscal year 1977	Fiscal year 1976 enacted	Fiscal year 1977 estimates	House bill	Senate bill
TITLE I—MILITARY PERSONNEL									
Military personnel:									
Army	$8,434,885,000	$8,642,866,000	$8,539,249,000	$8,601,811,000	$8,564,011,000	+$129,126,000	—$78,855,000	+$24,762,000	—$37,800,000
Navy	5,900,600,000	6,055,667,000	6,008,497,000	5,999,768,000	6,002,268,000	+101,668,000	—53,399,000	—6,229,000	+2,500,000
Marine Corps	1,861,277,000	1,883,900,000	1,879,173,000	1,844,624,000	1,854,334,000	—6,943,000	—29,566,000	—24,839,000	+9,710,000
Air Force	7,412,951,000	7,169,567,000	7,157,164,000	7,127,991,000	7,136,607,000	—276,245,000	—32,861,000	—20,458,000	+8,715,000
Reserve personnel:									
Army	478,800,000	447,690,000	469,141,000	469,919,000	469,919,000	—8,881,000	+22,229,000	+778,000	
Navy	205,925,000	153,415,000	221,315,000	215,010,000	215,010,000	+9,085,000	+61,595,000	—6,305,000	
Marine Corps	71,652,000	77,130,000	78,173,000	78,173,000	78,173,000	+6,521,000	+1,043,000		
Air Force	159,597,000	157,037,000	162,807,000	163,807,000	163,807,000	+4,210,000	+6,770,000	+1,000,000	
National Guard personnel:									
Army	696,900,000	699,565,000	707,565,000	714,665,000	714,665,000	+17,765,000	+15,100,000	+7,100,000	
Air Force	218,472,000	211,070,000	216,515,000	219,515,000	219,515,000	+1,043,000	+8,445,000	+3,000,000	
Total, Title I	25,441,059,000	25,497,907,000	25,439,599,000	25,435,283,000	25,418,408,000	—22,651,000	—79,499,000	—21,191,000	—16,875,000
Total, transfer from other accounts									
TITLE II—RETIRED MILITARY PERSONNEL									
Retired pay, Defense	7,325,600,000	8,493,400,000	8,381,700,000	8,035,500,000	8,381,700,000	+1,056,100,000	—111,700,000		+346,200,000
TITLE III—OPERATION AND MAINTENANCE									
Operation and maintenance,									
Army	7,276,850,000	8,060,400,000	8,050,635,000	7,829,885,000	7,898,285,000	+621,435,000	—162,115,000	—152,350,000	+68,400,000
Army stock fund	20,000,000	100,000,000	100,000,000	26,500,000	100,000,000	+80,000,000			+73,500,000
Operation and maintenance,									
Navy	8,299,800,000	9,660,800,000	9,553,164,000	9,605,564,000	9,565,164,000	+1,265,364,000	—95,636,000	+12,000,000	—40,400,000
Navy stock fund	10,000,000	32,000,000	32,000,000	7,400,000	32,000,000	+22,000,000			+24,600,000
Operation and maintenance,									
Marine Corps	519,010,000	580,400,000	577,038,000	569,288,000	569,288,000	+50,278,000	—11,112,000	—7,750,000	
Marine Corps stock fund	2,000,000	8,600,000	8,600,000		6,200,000	+4,200,000	—2,400,000	—2,400,000	+6,200,000
Operation and maintenance,									
Air Force	7,669,479,000	8,224,700,000	8,124,109,000	8,107,077,000	8,107,077,000	+437,598,000	—117,623,000	—17,032,000	
Air Force stock fund	15,000,000	76,700,000	76,700,000	19,100,000	58,800,000	+43,800,000	—17,900,000	—17,900,000	+39,700,000
Operation and maintenance,									
Defense agencies	2,550,931,000	2,765,300,000	2,751,400,000	2,694,600,000	2,718,900,000	+167,969,000	—46,400,000	—32,500,000	+24,300,000
Defense stock fund	88,000,000	140,600,000	140,600,000		22,800,000	—65,200,000	—117,800,000	—117,800,000	+22,800,000
Operation and maintenance:									
Army Reserve	319,710,000	375,100,000	374,100,000	351,800,000	356,100,000	+36,390,000	—19,000,000	—18,000,000	+4,300,000
Navy Reserve	287,725,000	294,600,000	288,000,000	286,600,000	288,000,000	+275,000	—6,600,000		+1,400,000
Marine Corps Reserve	12,031,000	14,800,000	14,800,000	14,800,000	14,800,000	+2,769,000			
Air Force Reserve	331,630,000	358,600,000	351,100,000	350,700,000	350,700,000	+19,070,000	—7,900,000	—400,000	
Army National Guard	670,730,000	719,200,000	713,200,000	706,200,000	706,200,000	+35,470,000	—13,000,000	—7,000,000	
Air National Guard	713,500,000	784,600,000	774,600,000	779,300,000	774,600,000	+61,100,000	—10,000,000		—4,700,000

	New budget authority					Conference compared with—			
	Enacted fiscal year 1976	Estimates, fiscal year 1977	House, fiscal year 1977	Senate, fiscal year 1977	Conference, fiscal year 1977	Fiscal year 1976 enacted	Fiscal year 1977 estimates	House bill	Senate bill
National Board for the Promotion of Rifle Practice, Army	$239,000	$261,000	$291,000	$261,000	$291,000	+$52,000	+$30,000		+$30,000
Naval petroleum reserve	117,700,000					−117,700,000			
Claims, Defense	71,600,000	82,500,000	82,500,000	82,500,000	82,500,000	+10,900,000			
Contingencies, Defense	2,500,000	5,000,000	5,000,000	2,500,000	2,500,000		−2,500,000	−$2,500,000	
Court of Military Appeals	1,167,000	1,239,000	1,239,000	1,239,000	1,239,000	+72,000			
Total, title III	28,979,602,000	32,285,400,000	32,019,076,000	31,435,314,000	31,655,444,000	+2,675,842,000	−629,956,000	−363,632,000	+220,130,000
Total, transfer from other accounts									
TITLE IV—PROCUREMENT									
Aircraft procurement, Army	333,500,000	555,500,000	538,300,000	546,900,000	541,900,000	+208,400,000	−13,600,000	+3,600,000	−5,000,000
Missile procurement, Army	422,600,000	552,400,000	422,300,000	504,300,000	497,400,000	+74,800,000	−55,000,000	+75,100,000	−6,900,000
Procurement of weapons and tracked combat vehicles, Army	881,400,000	1,147,900,000	1,117,300,000	1,090,200,000	1,089,800,000	+208,400,000	−58,100,000	−27,500,000	−400,000
Transfer from other accounts				(27,800,000)	(27,800,000)	(+27,800,000)	(+27,800,000)	(+27,800,000)	
Procurement of ammunition, Army	637,200,000	910,800,000	901,900,000	904,000,000	902,900,000	+265,700,000	−7,900,000	+1,000,000	−1,100,000
Other procurement, Army	912,300,000	1,417,900,000	1,352,900,000	1,377,300,000	1,366,600,000	+454,300,000	−51,300,000	+13,700,000	−10,700,000
Aircraft procurement, Navy	2,972,800,000	3,032,500,000	2,946,600,000	2,957,800,000	2,843,500,000	−129,300,000	−189,000,000	−103,100,000	−114,300,000
Weapons procurement, Navy	1,172,600,000	2,239,700,000	2,027,300,000	2,022,200,000	2,022,200,000	+849,600,000	−217,500,000	−5,100,000	
Shipbuilding and conversion, Navy	3,853,000,000	7,263,500,000	6,618,300,000	6,195,000,000	6,195,000,000	+2,342,000,000	−1,068,500,000	−423,300,000	
Transfer from other accounts	(75,000,000)		(192,800,000)			(−75,000,000)		(−192,800,000)	
Other procurement, Navy	1,829,700,000	2,192,800,000	2,157,400,000	2,176,900,000	2,173,400,000	+343,700,000	−19,400,000	+16,000,000	−3,500,000
Transfer from other accounts			(4,000,000)					(−4,000,000)	
Procurement, Marine Corps	281,000,000	337,700,000	328,400,000	331,000,000	328,400,000	+47,400,000	−9,300,000		−2,600,000
Aircraft procurement, Air Force	3,933,700,000	6,344,800,000	6,231,300,000	6,076,100,000	6,067,700,000	+2,134,000,000	−277,100,000	−163,600,000	−8,400,000
Transfer from other accounts	(24,300,000)			(21,500,000)	(21,500,000)	(−2,800,000)	(+21,500,000)	(+21,500,000)	
Missile procurement, Air Force	1,723,900,000	1,916,400,000	1,853,700,000	1,843,200,000	1,827,700,000	+103,800,000	−88,700,000	−26,000,000	−15,500,000
Transfer from other accounts				(33,300,000)	(33,300,000)	(+33,300,000)	(+33,300,000)	(+33,300,000)	
Other procurement, Air Force	2,046,400,000	2,424,900,000	2,301,600,000	2,349,700,000	2,309,700,000	+263,300,000	−115,200,000	+8,100,000	−40,000,000
Procurement, Defense agencies	205,600,000	264,600,000	244,100,000	255,200,000	250,100,000	+44,500,000	−14,500,000	+6,000,000	−5,100,000
Total, title IV	21,205,700,000	30,601,400,000	29,041,400,000	28,629,800,000	28,416,300,000	+7,210,600,000	−2,185,100,000	−625,100,000	−213,500,000
Total, transfer from other accounts	(99,300,000)		(196,800,000)	(82,600,000)	(82,600,000)	(−16,700,000)	(+82,600,000)	(−114,200,000)	
TITLE V—RESEARCH, DEVELOPMENT, TEST, AND EVALUATION									
Research, development, test, and evaluation:									
Army	1,958,008,000	2,376,300,000	2,284,948,000	2,254,951,000	2,280,816,000	+322,808,000	−95,484,000	−4,132,000	+25,865,000
Navy	3,257,290,000	4,055,200,000	3,765,125,000	3,696,503,000	3,722,792,000	+654,502,000	−332,408,000	−42,333,000	+26,289,000
Air Force	3,598,911,000	3,916,600,000	3,773,430,000	3,740,530,000	3,749,530,000	+150,619,000	−167,070,000	−23,900,000	+9,000,000
Defense agencies	604,400,000	676,300,000	652,800,000	700,480,000	651,280,000	+46,880,000	−25,020,000	−1,520,000	−49,200,000
Director of Test and Evaluation, Defense	25,000,000	30,000,000	30,000,000	30,000,000	30,000,000	+5,000,000			
Total, title V	9,443,609,000	11,054,400,000	10,506,303,000	10,422,464,000	10,434,418,000	+990,809,000	−619,982,000	−71,885,000	+11,954,000
Total, transfer from other accounts									
TITLE VI—SPECIAL FOREIGN CURRENCY PROGRAM									
Special foreign currency program	2,668,000	3,665,000	3,665,000	3,665,000	3,665,000	+997,000			
TITLE VII—GENERAL PROVISIONS									
Additional transfer authority, sec. 733	(750,000,000)	(750,000,000)	(750,000,000)	(750,000,000)	(750,000,000)				
TITLE VIII—RELATED AGENCIES									
CIA Retirement Fund				52,200,000	28,300,000	+28,300,000	+28,300,000	+28,300,000	−23,900,000
Defense Manpower Commission	1,300,000					−1,300,000			
Intelligence Community Oversight			5,600,000		5,600,000	+5,600,000	+5,600,000		+5,600,000
Total, related agencies	1,300,000		5,600,000	52,200,000	33,900,000	+32,600,000	+33,900,000	+28,300,000	−18,300,000
Grand total, NOA	92,399,538,000	107,936,172,000	105,397,343,000	104,014,226,000	104,343,835,000	+11,944,297,000	−3,592,337,000	−1,053,508,000	+329,609,000
Total, transfer from other accounts	(99,300,000)		(196,800,000)	(82,600,000)	(82,600,000)	(−16,700,000)	(+82,600,000)	(−114,200,000)	
Total funding available	92,498,838,000	107,936,172,000	105,594,143,000	104,096,826,000	104,426,435,000	+11,927,597,000	−3,509,737,000	−1,167,708,000	+329,609,000
Transfer authority	(750,000,000)	(750,000,000)	(750,000,000)	(750,000,000)	(750,000,000)				

Mr. McCLELLAN. Mr. President, I yield to the distinguished Senator from North Dakota.

The PRESIDING OFFICER (Mr. HOLLINGS). The Senator from North Dakota is recognized.

Mr. YOUNG. Mr. President, the distinguished chairman of the Committee on Appropriations (Mr. McCLELLAN) has provided a complete and detailed report on the conference for the fiscal year 1977 defense appropriations bill. I shall just highlight a few points concerning the actions of the conferees.

As the chairman has indicated, this $104 billion bill is $3.5 billion below the budget request for fiscal year 1977 and $11.9 billion over the funding provided for fiscal year 1976. The conferees agreed to a $1.1 billion reduction below the House bill and $329 million above the Senate bill.

Mr. President, the conferees worked diligently in arriving at the funding level of $104 billion for fiscal year 1977. There were 114 amendments considered by the conferees and these amendments required the conferees to agree on 407 individual items. Agreement on this number of items took several days of long and arduous effort.

Mr. President, this conference report provides the funding necessary to stop the downward trend of our defense capabilities. In particular, it provides a shipbuilding program that will start an upward trend for our naval forces. It will also provide the aircraft procurement necessary to support our tactical fighter and attack requirements for the next few years.

The conferees agreed to an $87 million per month obligation, until February 1, 1977, for the B-1 bomber. This will permit the administration to maintain the level of effort for the production of the B-1 and yet restrict the use of most of the funds appropriated for the B-1 until the next administration, Republican or Democrat, has the opportunity to review the program.

Some prominent people in and out of Congress, and even a few seeking high public office, claim there still is $5 to $7 billion of fat in this bill. Few have indicated when such cuts could be made and when they did it was usually at the sacrifice of some of our most important weapons systems.

I am sure some of those proposing these cuts may take a different viewpoint now since the Russian pilot flew Russia's most modern fighter, the Foxbat, to Japan. The press stories are correct when they say that the Foxbat can fly higher and faster than any fighter we have. We believe though that the F-15 fighter now going into production is a better overall fighter than the Foxbat. Most of our military authorities believe, too, that the F-14 fighters, if we put a bigger engine on it along with its Phoenix missile, would be a better fighter than the Russian Foxbat.

This conference report provides the best compromises possible of the differences between the House and Senate bills. I believe it provides sufficient funds to maintain our defense, and I urge all my colleagues to support it.

I yield to the Senator from Kentucky (Mr. HUDDLESTON).

Mr. HUDDLESTON. Mr. President, I wish to engage in a colloquy with the distinguished Senator from Arkansas.

The conference committee report speaks of a separate appropriation to increase the independence and stature of the activities of the intelligence community staff and of the National Foreign Intelligence Board. Was it the intent of the committee that the appropriation cited in title VII cover the salaries and activities of the NFIB?

Mr. McCLELLAN. No. The appropriation is earmarked for the salaries and related activities of the intelligence community staff itself. The committee recognized that the National Foreign Intelligence Board and the various DCI committees are composed of representatives from other organizations of the intelligence community who pay the salaries of their respective representatives.

Mr. HUDDLESTON. The conference committee report states:

> Any such administrative services must be funded from the Intelligence Community oversight appropriation through transfers or other appropriate devices.

Does this mean that the intelligence community staff may not receive assistance either in ad hoc personal services or incidental assistance, either personal or otherwise, from other Government organizations without paying for those services?

Mr. McCLELLAN. No. It was recognized that ad hoc task force, special committees, and study groups would be formed by the intelligence community staff with representatives from other community organizations with those organizations bearing the cost of the personal services. It was further recognized that incidental services such as classified trash collection, shuttle bus service, and assistance provided by community organizations as a "service of common concern" could be made available to the IC staff without reimbursement. However, salaries of the IC staff personnel, specific computer support rendered to the IC staff and those services which can be readily identified without an elaborate accounting mechanism should be funded through the intelligence community staff appropriation. What we have in mind is to insure that the IC staff has sufficient independent resources to stand on its own two feet. This objective can be realized without going to extremes such as requiring reimbursement for each and every item or service rendered where it is clearly reasonable and most efficient that the staff avail itself of services readily available elsewhere.

Mr. HUDDLESTON. Does the term in the conference committee report, "there is to be no augmentation of this appropriation except by supplemental appropriations" mean that the intelligence community staff may not receive incidental support and personal services from other community organizations?

Mr. McCLELLAN. No; but it does mean that the intelligence community staff may not receive funds from other organizations to supplement the appropriation.

Mr. HUDDLESTON. Does the term, "it would be inappropriate to depend upon other sources for policy sensitive services" mean that the DCI and the intelligence community staff could not avail themselves of support and guidance on policy issues regarding the intelligence community from individuals from the Office of the DCI?

Mr. McCLELLAN. No. The intent was to insure that policy support would not come from the CIA but would be issued under director Bush's responsibility as head of the intelligence community.

Mr. HUDDLESTON. Does the term, "intelligence community oversight" mean that the intelligence community staff has specific responsibility for insuring the propriety of the activities conducted by the intelligence community member organizations?

Mr. McCLELLAN. No. While the intelligence community staff would certainly call attention to any activity it thought was wrong, the responsibilities for insuring propriety of action rest with the respective organizations of the intelligence community.

Mr. HUDDLESTON. I thank the Senator.

ADDITIONAL STATEMENT

Mr. TAFT. Mr. President, I am going to vote for this conference report, because I believe we need to get this legislation finished and provide this money to our armed services.

However, I think some very serious problems have been created by this conference report, problems sufficiently serious that I would vote against it if it were not for the urgent need of our defense foray for the funds that have been included.

The first major deficiency in this conference report is its treatment of the B-1 bomber program. The B-1 is vitally needed if we are to maintain the strategic balance. Today, the Soviet Union has its equivalent of the B-1, the Backfire, in squadron service. In addition, the Soviets have deployed 4 new improved ICBM's; they have deployed at least 10 of the Delta class strategic missile submarines, which are the approximate equivalent of our Trident; they are developing new antimissile systems for strategic defense; they have a massive civil defense program underway; and they have in development another new family of ICBM's. To set against this massive program, we have only one new ICBM, the MX in very early development; we have our Trident program underway, although we will not have it in service until the 1980's: and we have the B-1 program. The action of the conference delays and throws doubt upon the B-1, which seems to imply that the Trident and the MX alone may be sufficient to meet the massive Soviet strategic program. Yet clearly, these other two programs alone would not be sufficient. Without the B-1, the strategic balance will inexorably shift in favor of the Soviet Union.

It is imperative that we go ahead with the B-1 bomber program on the planned schedule. We need to put the B-1 into production as soon as possible, and get it into squadron service as soon as possi-

ble. It is to be regretted that the conferees did not understand this.

The other major deficiency in this conference report is the cancellation of the Condor missile program. The Condor is a Navy program to develop and deploy a standoff missile for attacking ground and naval targets. In this age of increasingly effective ground and ship-based antiaircraft systems, it is imperative that aircraft be equipped with standoff weaponry. The Soviets have equipped their long-range naval aviation aircraft with standoff antiship missiles, often of ranges of several hundred miles, so that they can avoid the antiaircraft defenses on our ships. Not only Soviet but many third country port areas have strong antiaircraft defenses.

The Condor was a promising system to provide our Navy with this needed standoff attack capability. The Senate approved the continuation of the Condor program; the House, unfortunately, did not, and the House prevailed in conference. I think we will come, in the future, to regret not having the Condor system, particularly when we see the price we must pay in aircraft and pilots for making closein attacks against land or sea targets that have modern air defenses.

As I stated at the outset, I believe these two deficiencies are sufficiently serious that, if it were not for the pressing need of our armed services for the funds that did receive approval by the conference, I would vote against the conference report. I think we will regret both of the actions of the conference which I have discussed.

IN SUPPORT OF ARMY RECRUITING

Mr. ALLEN. Mr. President, the manpower needs of the Volunteer Army are such that it requires the addition of young men and women of quality on continuing basis if it is to remain viable and cost effective. Recruiting results from last year were below quality objectives and projections for next fiscal year are alarming. Recruiting is resource sensitive, and because of inadequate recruiting resources last year the former success and momentum of the Volunteer Army have been lost. Indication from the results of the last 3 months, traditionally the best recruiting period of the year of the Army, are that they will have difficulty recruiting the required number of personnel even at lower high school diploma graduate rates.

Additionally, resources need to be committed to the recruiting effort without delay. This infusion of resources is needed to provide a measure of impetus early in the fiscal year in order to assist the Army in reversing its present downward trend in quality and get it back on the path to achieving its long range recruiting goal.

The recent Joint Conference on the fiscal year 1977 appropriation bill provided the Army $207 million for active Army recruiting—about $18 million less than the President requested. The reduction in resources, along with the language of the conference report indicating "neither committee contemplates further action on all pending requests related to recruiting" concerns the Army very much as it seems to close the door on any future requests for recruiting resources.

Mr. President, I feel we cannot continue to underfinance recruiting, as the results of doing so will be disastrous, namely a forced return to the draft. We have made a commitment for a Volunteer Army, and I think we should uphold that commitment at all costs. By October 1, the Army plans to submit a reprograming request for next fiscal year for a balanced package of added resources to stop their downward trend in recruiting. Their request will be large, and will include an increase of at least 470 additional field recruiters, but I feel strongly that we must give their request every consideration. Unless we are to let the Army down at this critical phase of their effort to sustain a quality Volunteer Army, the Congress should approve the request before its October adjournment.

Mr. McCLELLAN. Mr. President, if there be no other comments on the report, I move the adoption of the conference report on H.R. 14262.

The PRESIDING OFFICER. The question is on agreeing to the conference report on H.R. 14262.

The conference report was agreed to.

Mr. McCLELLAN. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. YOUNG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The clerk will state the amendments in disagreement.

The assistant legislative clerk read as follows:

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 19 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: $13,100,000

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 20 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: $72,500,000

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 21 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: $28,000,000

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 22 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: $198,400,000

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 42 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: $1,089,800,000

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 46 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: $2,843,500,000

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 59 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: $6,067,700,000

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 63 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: $1,827,700,000

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 70 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: $651,280,000

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 76 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter proposed by said amendment, insert:

SEC. 723. No part of any appropriation contained in this Act, except for small purchases in amounts not exceeding $10,000, shall be available for the procurement of any article of food, clothing, cotton, woven silk or woven silk blends, spun silk yarn for cartridge cloth, synthetic fabric or coated synthetic fabric, or wool (whether in the form of fiber or yarn or contained in fabrics, materials, or manufactured articles), or specialty metals including stainless steel flatware, not grown, reprocessed, reused, or produced in the United States or its possessions, except to the extent that the Secretary of the Department concerned shall determine that a satisfactory quality and sufficient quantity of any articles of food or clothing or any form of cotton, woven silk and woven silk blends, spun silk yarn for cartridge cloth, synthetic fabric or coated synthetic fabric, wool, or specialty metals including stainless steel flatware, grown, reprocessed, reused, or produced in the United States or its possessions cannot be procured as and when needed at United States market prices and except procurements outside the United States in support of combat operations, procurements by vessels in foreign waters, and emergency procurements or procurements of perishable foods by establishments located outside the United States for the personnel attached thereto: *Provided*, That nothing herein shall preclude the procurement of foods manufactured or processed in the United States or its possessions: *Provided further*, That no funds herein appropriated shall be used for the payment of a price differential on contracts hereafter made for the purpose of relieving economic dislocations: *Provided further*, That none of the funds appropriated in this Act shall be used except that, so far as practicable, all contracts shall be awarded on a formally advertised competitive bid basis to the lowest responsible bidder.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 91 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter proposed by said amendment, insert:

except that transfers between a stock fund account and an industrial fund account may not be made unless the Secretary of Defense has notified the Congress of the proposed transfer. No obligations may be made against a working capital fund to procure war reserve material inventory unless the Secretary of Defense has notified the Congress prior to any such obligation.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 107 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter proposed by said amendment, insert:

SEC. 747. None of the funds appropriated in this Act may be used to pay any claim over $5,000,000 against the United States, unless such claim has been thoroughly examined and evaluated by officials of the Department of Defense responsible for determining such claims and a report is made to the Congress as to the validity of these claims.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 112 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter proposed by said amendment, insert:

SEC. 750. Unless otherwise specified and during the current fiscal year, no part of any appropriation contained in this or any other Act shall be used to pay the compensation of any officer or employee of the Government of the United States (including any agency the majority of the stock of which is owned by the Government of the United States) whose post of duty is in continental United States unless such person (1) is a citizen of the United States, (2) is a person in the service of the United States on the date of enactment of this Act, who, being eligible for citizenship, has filed a declaration of intention to become a citizen of the United States prior to such date and is actually residing in the United States, (3) is a person who owes allegiance to the United States, (4) is an alien from Cuba, Poland, or the Baltic countries lawfully admitted to the United States for permanent residence, or (5) South Vietnamese refugees paroled into the United States between January 1, 1975, and the date of enactment of this Act: *Provided*, That, for the purpose of this section, an affidavit signed by any such person shall be considered prima facie evidence that the requirements of this section with respect to his status have been complied with: *Provided further*, That any person making a false affidavit shall be guilty of a felony, and, upon conviction, shall be fined not more than $4,000 or imprisoned for not more than one year, or both: *Provided further*, That the above penal-clause shall be in addition to, and not in substitution for, any other provisions of existing law: *Provided further*, That any payment made to any officer or employee contrary to the provisions of this section shall be recoverable in action by the Federal Government. This section shall not apply to citizens of the Republic of the Philippines or to nationals of those countries allied with the United States in the current defense effort, or to temporary employment of translators, or to temporary employment in the field service (not to exceed sixty days) as a result of emergencies.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 114 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter proposed by said amendment, insert:

CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY FUND

For payment to the Central Intelligence Agency Retirement and Disability Fund, to maintain proper funding level for continuing the operation of the Central Intelligence Agency Retirement and Disability System, $28,300,000, subject to the enactment of legislation authorizing such payment.

Mr. McCLELLAN. Mr. President, I move that the Senate concur in the amendments of the House to the amendments of the Senate numbered 19, 20, 21, 22, 42, 46, 59, 63, 70, 76, 91, 107, 112, and 114.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Arkansas.

The motion was agreed to.

CONSIDERATION OF CERTAIN MEASURES ON THE CALENDAR

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of the following measures on the calendar which have been cleared on both sides of the aisle: 1157 through 1161, omitting 1160.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

U.S. MILITARY SALES TO IRAN

The resolution (S. Res. 532) authorizing the printing for the use of the Senate Committee on Foreign Relations 2,000 additional copies of a committee print of the 94th Congress entitled "U.S. Military Sales Iran" was considered and agreed to, as follows:

Resolved, That there be printed for the use of the Senate Committee on Foreign Relations two thousand additional copies of a committee print of the Ninety-fourth Congress entitled "U.S. Military Sales to Iran".

CONSULTANTS FOR COMMITTEE ON PUBLIC WORKS

The resolution (S. Res. 537) authorizing increased allotment for consultants for the Committee on Public Works was considered and agreed to, as follows:

Resolved, That section 2 of S. Res. 354, second session, Ninety-fourth Congress, agreed to March 1, 1976, is amended by striking "$5,000" and inserting in lieu thereof "$8,000".

SUPPLEMENTAL EXPENDITURES BY THE SELECT COMMITTEE ON INTELLIGENCE

The resolution (S. Res. 538) authorizing supplemental expenditures by the Select Committee on Intelligence was considered and agreed to, as follows:

Resolved, That section 15 of S. Res. 400, Ninety-fourth Congress, agreed to May 19, 1976, is amended by striking out "$275,000" and inserting in lieu thereof "$1,175,000".

ADDITIONAL EXPENDITURES BY THE COMMITTEE ON RULES AND ADMINISTRATION

The resolution (S. Res. 541) authorizing additional expenditures by the Committee on Rules and Administration for routine purposes was considered and agreed to, as follows:

Resolved, That the Committee on Rules and Administration is authorized to expend from the contingent fund of the Senate, during the Ninety-fourth Congress, $10,000 in addition to the amounts, and for the same purposes, specified in section 134(a) of the Legislative Reorganization Act of 1946, and in S. Res. 153, Ninety-fourth Congress, agreed to May 14, 1975, and S. Res. 246, Ninety-fourth Congress, agreed to September 18, 1975.

NONDISCRIMINATORY APPOINTMENT OF CADETS TO THE U.S. COAST GUARD ACADEMY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1119.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 10192) to amend title 14, United States Code, to provide for the nondiscriminatory appointment of cadets to the United States Coast Guard Academy,

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

UP AMENDMENT NO. 441

Mr. JOHNSTON. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Louisiana (Mr. JOHNSTON) proposes an unprinted amendment numbered 441.

Mr. JOHNSTON. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 2, after line 7, add the following new section:

SEC. 2. Notwithstanding the provisions of section 4123 of the Revised Statutes of the United States, as amended (46 U.S.C. 11), or the provisions of section 27 of the Merchant Marine Act of 1920 (46 U.S.C. 883), the Secretary of the department under which the United States Coast Guard is operating, shall cause the vessels, Bruja Mar (vessel number 546133), presently owned by Greenwood Marine, Incorporated; Barbara Ann (vessel number 529835), presently owned by Keith Malcolm of Marine City, Michigan; and Mary M (vessel number 230483), presently owned by Charles Hammond, Junior, of Glen Burnie, Maryland, to be documented as vessels of the United States with the privileges of engaging in coastwise trade or in the American fisheries, upon compliance with the usual requirements, so long as the vessels are owned by a citizen of the United States.

Mr. JOHNSTON. Mr. President, this amendment would attach to that measure which provides for the nondiscriminatory appointment of cadets to the U.S. Coast Guard Academy the provisions of three vessel documentation bills which have been passed by the Senate.

These bills are S. 180, S. 1187, and S. 2951. All three were favorably reported by the Senate Commerce Committee before they were passed by the Senate. S. 180, introduced by Senator BEALL, and S. 1187, which I introduced, were passed last year on December 19, 1975. The House Committee on Merchant Marine and Fisheries held a hearing on them on June 6, 1976. No further action has been taken on either of them since that time. S. 2951, introduced by Senator HART of Michigan, was passed by the Senate on August 10, 1976. No action has been taken on it in the House or in the House Merchant Marine and Fisheries Committee.

Each of these bills authorizes the documentation as a U.S. vessel, with the privilege in the coastwise trades or fisheries of the United States, of a U.S. citizen-owned vessel currently ineligible for such documentation. The reports of the Commerce Committee on these bills set out the facts in each case. No objection was raised to any one of them in the committee or in the Senate.

I urge adoption of my amendment and passage of H.R. 10192, as amended.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the 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 (H.R. 10192) was read the third time, and passed.

Mr. JOHNSTON. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

LAND AND WATER CONSERVATION FUND ACT AMENDMENTS—CONFERENCE REPORT

Mr. JOHNSTON. Mr. President, I submit a report of the committee of conference on S. 327 and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. HOLLINGS). The report will be stated by title.

The assistant legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (S. 327) to amend the Land and Water Conservation Fund Act of 1965, as amended, to establish the National Historic Preservation Fund, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the RECORD of September 2, 1976, beginning at page 28969.)

Mr. JOHNSTON. Mr. President, this is the third time within 2 years that the Senate has considered amendments to the Land and Water Conservation Fund. The last two times, the Senate overwhelmingly agreed to an immediate increase in the fund from the present $300 million per year to $1 billion per year. A substantial increase in the fund is absolutely necessary. State and local units of Government have over $40 billion in identified outdoor recreation needs to 1989 when the fund ends. The present Federal recreation lands acquisition backlog presently exceeds $3 billion.

The simple designation of a unit of the national park system is a vital first step, but it is a hollow and hypocritical act if the lands within that park, wild and scenic river area, wilderness area, or wildlife refuge are not acquired. The Land and Water Conservation Fund provides the source of funds for these acquisitions.

A very few days ago, President Ford announced a "bold new program" to fulfill the promises which our national parks hold for this and future generations. This bill, S. 327, is the legislation which President Ford must sign if that pledge is to be fulfilled. The supplemental appropriation request which President Ford sent to Congress was a good and useful act, but the money provided in his bill for Federal park acquisitions and grants to State and local government pales to insignificance beside the money provided by these amendments.

Mr. President, these amendments have been carefully considered, both in light of the needs of this Nation, and with a due regard for the appropriations and budget process. This measure proposes a staged increase in yearly authorization for the Land and Water Conservation Fund to $900 million by fiscal year 1980. Presently, the Land and Water Conservation Fund Act provides yearly authorization of $300 million. For fiscal year 1977, Congress exceeded this authorization limit by appropriating an additional $97 million out of a backlog created when the Nixon administration refused for several years to appropriate full funding for national park acquisitions. These amendments will authorize $600 million for fiscal year 1978, $750 million in fiscal year 1979, and, finally, $900 million in fiscal year 1980. Hopefully, the President, wherever he might be, will each year appropriate the full authorization. This staged increase will permit States and local units of government time to secure the necessary matching funds for the grant portion of the fund as well as allowing Federal agencies appropriately to arrange acquisition priorities.

Title II of this measure provides a 5-year extension of the Historic Preservation Act of 1966 with staged increases in funding to bring the authorizations in line with the needs of the programs.

Mr. President, the provisions of this bill, as agreed to in conference, are the result of a decade of experience and 3 years of careful consideration. The Land and Water Conservation Fund and the Historic Preservation Act of 1966 are the two most important measures ever enacted in the 200-year history of this Nation, for the creation of Federal, State, and local outdoor recreation areas and for the preservation of our historic treasures. S. 327 will provide the money needed to implement this Nation's objective of preserving our open spaces and our historic treasures.

This measure has had strong bipartisan support, both in committee and in the Senate. I express my deep gratitude and appreciation to the distinguished Senator from Wyoming (Mr. HANSEN), who serves as the ranking minority member of the Subcommittee on Parks and Recreation. Throughout our consideration, he has supported this measure and offered many constructive suggestions for improving this final product.

Mr. President, I urge my colleagues to vote overwhelming approval of this bill and I call upon the President to sign this measure into law.

Mr. President, I simply say that the House has now passed this conference report. With the passage by the Senate, it will now go to the President. I think it is the most important decision in terms of parks and recreation that the President of the United States will make. I trust that the President will match his rhetoric in terms of parks and recreation with his actions by both signing this bill and agreeing fully to fund the land and water conservation bill. I think any action less than that would be a step backward in terms of recreation and in terms of acquisition of areas for parks and recreation in this country.

Mr. JACKSON. Mr. President, the concept of the Land and Water Conservation Fund grew out of the findings of the Outdoor Recreation Resources Review Commission which also laid the foundation for such other landmark recreation and conservation measures as the Wilderness Act, the Wild and Scenic Rivers Act, and the Nationwide System of Trails Act among others. I was privileged to serve on that Commission and have always been proud to have authored the Land and Water Conservation Fund Act.

In the short history of the fund, over $2 billion of investment in outdoor recreation by the States has been generated and over $700 million has been spent by Federal agencies to preserve and protect lands in our national parks, forests, and wildlife refuges as well as some recreation lands administered by the Bureau of Land Management. The accomplishments on the fund have been great despite the constant efforts over the last 6 years by the administration to cut the fund. The accomplishments have been great, but the task before us is even greater. Our national park system needs over $700 million for land acquisition. Overall the Federal agencies need in excess of $3 billion for outdoor recreation land acquisition. For planning, acquisition, and development, the States and local units of government have identified over $40 billion in needs over the next decade.

The agreement reached between the conferees will enable us to provide needed recreational opportunities for the citizens of this Nation and preserve and protect the great natural resources of our Nation. This legislation has had broad bipartisan support since the distinguished junior Senator from Louisiana (Mr. JOHNSTON) and I first introduced it last Congress. The overwhelming vote of 282 to 3 last Friday in the House confirms that support. I would like to express my appreciation to the Senator from Louisiana (Mr. JOHNSTON) for his leadership in this area and his deep commitment to the preservation of our natural and historic resources.

Over the last 2 years we have struggled to enact this legislation despite the threat of a Presidential veto. I sincerely hope that the President's remarks at Yellowstone indicate that at least with respect to this measure, he will lay aside the petty politics and hollow rhetoric of the last few years and he will consider the good of this country and sign this measure.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. JOHNSTON. Mr. President, I move

to reconsider the vote by which the conference report was agreed to.

Mr. BUMPERS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

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

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.

AUTHORIZATION FOR TESTIMONY IN THE CASE OF HUTCHINSON V. PROXMIRE, ET AL.

Mr. ROBERT C. BYRD. Mr. President, I send a resolution to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated by title.

The legislative clerk read as follows:

A resolution (S. Res. 543) authorizing the Senator from Wisconsin (Mr. PROXMIRE), his administrative assistant, Howard E. Shuman, and his legislative assistant, Morton Schwartz, to give testimony by means of depositions on the motion to dismiss, or alternatively for summary judgment, in the case of *Hutchinson* v. *Proxmire, et al.*

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

Whereas a civil action has been filed against the senior Senator from Wisconsin (Mr. PROXMIRE) in the United States District Court for the Western District of Wisconsin (*Hutchinson* v. *Proxmire, et al.*, number 76C257);

Whereas the civil action against the Senator from Wisconsin (Mr. PROXMIRE) seeks damages for actions that were performed within the scope of a Member of the Senate's duties and responsibilities under the Constitution of the United States; and

Whereas the Senator from Wisconsin (Mr. PROXMIRE) has made a motion to dismiss such civil action, or alternatively for summary judgment: Now, therefore, be it

Resolved, that the Senator from Wisconsin (Mr. PROXMIRE), his administrative assistant, Howard E. Shuman, and his legislative assistant, Morton Schwartz, are authorized to give sworn testimony by means of depositions solely for the purpose of addressing issues raised by the motion to dismiss, or alternatively for summary judgment, made by the Senator from Wisconsin (Mr. PROXMIRE) in the case of *Hutchinson* v. *Proxmire, et al.*

INTERNATIONAL TRADE COMMISSION AUTHORIZATIONS

Mr. LONG. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 3420.

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 3420) to authorize appropriations to the International Trade Commission.

(The amendments of the House are printed in the RECORD of May 19, 1976, beginning at page 14375.)

Mr. LONG. Mr. President, I move that the Senate disagree to the amendments of the House; agree to the request of the House for a conference 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. LONG, Mr. TALMADGE, Mr. RIBICOFF, Mr. FANNIN, and Mr. HANSEN conferees on the part of the Senate.

STATE AND LOCAL FISCAL ASSISTANCE AMENDMENTS OF 1976

The Senate continued with the consideration of the bill (H.R. 13367) to extend and amend the State and Local Fiscal Assistance Act of 1972, and for other purposes.

Mr. LONG. Mr. President, do we now have H.R. 13367 before the Senate?

The PRESIDING OFFICER. That is the pending business.

Mr. LONG. Mr. President, the Committee on Finance has reaffirmed its belief in the concept of the Federal revenue sharing and proposes that the State and Local Assistance Act of 1972 be extended. The committee believes that our federal system of government, composed of Federal, State and local governments, has been strengthened by the availability and distribution of unrestricted fiscal assistance on a continuing and certain basis.

By providing Federal funds with few limitations, the committee believes that State and local governments may more effectively meet the diverse needs and priorities of the Nation. The bill, H.R. 13367, as amended by the committee, renews and extends the 1972 act to achieve this result.

In addition to providing continued, growing financial assistance to State and local governments, the committee has made certain changes to the 1972 act which are designed to strengthen and clarify it.

Principally, the committee proposes that the act be extended for an additional 5¾ years. It also recommends that more money be made available by the Federal Government to State and local units of government. For fiscal year 1977, the committee originally proposed that $6.9 billion be distributed. Since the Finance Committee's action, the proposed second concurrent budget resolution has been approved by the Senate. It contains an assumption that $6.65 billion will be included for general revenue sharing. Under the circumstances, as soon as the parliamentary situation permits, I intend to offer an amendment to conform the proposed revenue-sharing distribution for fiscal year 1977 in the bill to the budget resolution. This amendment will also provide for an annual increase in the funds to be distributed by $200 million. Such annual increases will continue the modest growth in the revenue-sharing program in the same manner as provided under the original act.

It is the committee's firm view that the availability of these funds to the more than 39,000 State and local units of government—all 50 States and the District of Columbia, over 3,000 counties, almost 19,000 municipalities, nearly 17,000 townships, and more than 350 Indian tribes and Alaskan Native villages—materially enhances the strength of our Federal system and significantly broadens the decisionmaking process concerning the expenditure of approximately $42 billion of Federal funds in a manner totally consistent with our most democratic principles.

The formulas the Congress adopted in 1972 are continued by the bill, as amended by the committee. Very minor changes have been made to reduce the fluctuations in payments that have previously occurred.

Finally, the committee has sought to both simplify the reporting and accounting requirements imposed on the recipients of those funds and to make more meaningful the provision of the current act barring discrimination in the utilization of these same moneys. At this point, Mr. President, I ask unanimous consent that a summary explanation of the provisions contained in the Finance Committee amendment be inserted in the RECORD, immediately following my statement.

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

SUMMARY OF STATE AND LOCAL FISCAL ASSISTANCE ACT AMENDMENTS OF 1976 AS APPROVED BY THE COMMITTEE ON FINANCE

Under the Committee amendment (H.R. 13367), the general revenue sharing program is to be renewed for 5¾ years. Entitlement payments, which would be revised by floor amendment, of $6.65 billion would be provided for fiscal year 1977, and would be increased thereafter by $200 million per year. Also, the non-contiguous State adjustment amounts grow throughout the renewal period. Thus, unlike the House bill which did not provide for any growth in funding, the Committee amendment provides for an 11 percent increase in funding.

The aggregate entitlement amounts for the renewal period proposed are as follows:

Period	Basic amounts (millions)	Noncontiguous State amounts (millions)
Oct. 1, 1976 to Sept. 30, 1977	[1] $6,650	$4.78
Oct. 1, 1977 to Sept. 30, 1978	6,850	4.92
Oct. 1, 1978 to Sept. 30, 1979	7,050	5.07
Oct. 1, 1979 to Sept. 30, 1980	7,250	5.21
Oct. 1, 1980 to Sept. 30, 1981	7,450	5.36
Oct. 1, 1981 to Sept. 30, 1982	7,650	5.50
Total	[1] 42,900	30.84

[1] Includes $1,662.5 million of funds made available under prior legislation.

DISTRIBUTION OF FUNDS

Basically the committee continues the present provisions relating to the distribution of funds. As a result, the distribution of the funds to the States will continue to be based on one or two formulas: one is based on population, on tax effort, and on need—inverse per capita income—the other is based on population, urbanization, need, relative use of income taxes, and tax effort. The State governments themselves will receive one-third of the funds and the remainder distributed among the counties, cities, and other local governments for the most part on the basis of population, tax effort, and need. However, a few relatively minor changes to the distribution formulas are made on the basis of the experience to date.

The committee amendment provides for certain technical modifications designed to improve the administration of the formulas and achieve greater equity. At the State level, the committee amendment provides that the noncontiguous State adjustment be available to States—Hawaii and Alaska—with extraordinary costs of living under both the five-factor and three-factor formulas. Under current law, the adjustment has been available only for such States with extraordinary costs of living which benefit under the three-factor formula.

At the local level, the committee amendment also provides for certain technical changes in the administration of the formulas which are designed to achieve greater equity and greater certainty. First, the committee amendment would prohibit the retroactive application of a change in statistical methodology—for example, the precise manner in which, for example, school taxes are removed from total taxes to arrive at adjusted taxes—by the Office of Revenue Sharing which would result in a recipient having to repay revenue sharing funds received in a previous entitlement period. Second, to minimize fluctuations in entitlements, census data would be required to be used throughout the periods ending before the beginning of the next entitlement period. Third, revenue sharing funds waived by an Alaskan Native village or Indian tribe is to be added to the entitlement of the county government in which the tribe or village is located. This is the requirement of current law with respect to waivers by cities and townships and would provide parallel treatment for tribes and villages. Fourth, the committee amendment provides for an allocation to certain separate law enforcement officers in Louisiana, except in Orleans parish, from funds available to State and parish governments. Finally, a State may elect during the renewal period the proportional within-State distribution formula provided in current law.

FISCAL REQUIREMENTS

The committee amendment revises the fiscal requirements of the act by eliminating the requirements that localities spend revenue-sharing funds in priority categories and that recipients not use revenue sharing to match other Federal programs. Also, the State maintenance of effort requirement in the act is revised so that States must maintain their transfers to localities compared to a moving average of their previous transfers.

ELIGIBILITY REQUIREMENTS

The committee amendment continues the local government eligibility requirements of current law, and eliminates an unused category of recipients—"other units of local government."

ACCOUNTING AND AUDITING REQUIREMENTS

The committee amendment provides that where State or local law requires a financial audit of State and local revenues and expenditures, the same requirements are to be sufficient for revenue-sharing funds. Where no statutory audit requirement exists, an independent audit of the recipient's financial statements, according to generally accepted accounting standards, is to be required every 3 years. A series of audits which aggregate the entire financial activity of the recipient would be sufficient. In certain circumstances, where recipient units of Government are not auditable, the required audit is to be waived where it is demonstrated by the recipient—under regulations promulgated by the Secretary—that substantial progress toward being auditable is being achieved annually. Recipients with annual entitlements of less than $25,000 per year of revenue-sharing funds would be exempted from the required audit provisions. Coordination with other Federal audit requirements is mandated, in order to avoid duplication of audits in the case of units of Government not subject to State or local statutory audit requirements.

REPORTS, HEARINGS, AND PUBLIC PARTICIPATION

The committee amendment provides a general requirement for public hearings, notification, and publication of summary budgetary information. An exception to this general requirement is provided if a recipient holds public hearings after notice on the proposed uses of its own funds in which citizens can participate under generally applicable State or local law.

NONDISCRIMINATION

The committee amendment also strengthens the nondiscrimination provisions of current law by providing: First, a general prohibition against discriminating on the basis of race, color, national origin or sex, with respect to any program or activity of a recipient government which program or activity has been designated as receiving revenue sharing funds or which under all the facts and circumstances is demonstrated to be funded in whole or in part with revenue sharing funds; second, a procedure which provides certain timetables under which the Treasury Department must seek compliance, and which can result in suspension of revenue sharing payments; third, standing for citizens who, upon exhaustion of administrative remedies, can bring a civil action in an appropriate U.S. district or State court.

STUDY OF FEDERAL FISCAL SYSTEM

The committee amendment also creates a 14-member commission to study and evaluate our—and other—Federal systems in terms of the allocation of taxing and spending authorities; to study and evaluate State and local government organization to determine, especially at the local level, what general governments do and how they might relate to each other and to special districts in terms of service and financing responsibilities, as well as annexation and incorporation responsibilities. In addition, the commission is to examine the effectiveness of Federal stabilization policies on local areas, and the effects of individual State and local fiscal decisions on aggregate economic activity, the quality of financial control and audit procedures that exists in our Federal system, and the formal and practical aspects of citizen participation in fiscal decisions in our Federal system. The commission is to have 3 years to make its study and report to the President and Congress. The commission is to be composed of the Speaker of the House, the minority leader of the House, the majority and minority leaders of the Senate, two members of the executive branch, two Governors, two local government officials, two representatives of the business community and two representatives from labor.

UP AMENDMENT NO. 442

Mr. LONG. Mr. President, as I explained in my original statement, I send to the desk an amendment to modify the committee amendment to conform to the budget resolution.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Louisiana (Mr. LONG) proposes an unprinted amendment No. 442.

The amendment is as follows:

On page 31, strike out line 5 and all that follows down through line 14 on page 32, and insert in lieu thereof the following:

"(c) Authorization of Appropriations for Entitlements.—

"(1) In general.—There are authorized to be appropriated to the Trust Fund to pay the entitlements hereinafter provided—

"(A) for the period beginning January 1, 1977, and ending September 30, 1977, $4,987,500,000;

"(B) for the fiscal year beginning October 1, 1977, $6,850,000,000;

"(C) for the fiscal year beginning October 1, 1978, $7,050,000,000;

"(D) for the fiscal year beginning October 1, 1979, $7,250,000,000;

"(E) for the fiscal year beginning October 1, 1980, $7,450,000,000; and

"(F) for the fiscal year beginning October 1, 1981, $7,650,000,000.

"(2) Noncontiguous States adjustment amounts.—There are authorized to be appropriated to the Trust Fund to pay the entitlements hereinafter provided—

"(A) for the period beginning January 1, 1977, and ending September 30, 1977, $3,585,000;

"(B) for the fiscal year beginning October 1, 1977, $4,923,759;

"(C) for the fiscal year beginning October 1, 1978, $5,067,519;

"(D) for the fiscal year beginning October 1, 1979, $5,211,278;

"(E) for the fiscal year beginning October 1, 1980, $5,355,038; and

"(F) for the fiscal year beginning October 1, 1981, $5,498,797."; and

Mr. LONG. As I indicated in my opening statement on the bill, the Committee on Finance acted on the bill before the Senate approved the proposed second concurrent budget resolution. To reconcile the proposed funding for revenue sharing in the bill with the amount agreed to by the Senate in that proposed resolution, I am now proposing an

amendment to only provide $6.65 billion in revenue sharing for fiscal year 1977.

Under the committee bill, as reported, this amount would be $6.9 billion for fiscal year 1977. During each of the next 5 years, the committee proposed that such amount grow by $150 million.

In lieu of the committee provision, I am now proposing that we increase the amount of growth in the program by $200 million per year.

Mr. President, I ask unanimous consent that the committee amendment be so modified.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana.

The amendment was agreed to.

Mr. LONG. Mr. President, I ask unanimous consent that the committee amendment, as amended, 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.

Mr. CURTIS. Mr. President, I wish to make a brief statement on this matter of revenue sharing.

The program has been in operation for several years. It has been pending quite awhile now this year. The States, the counties, the townships, the cities, and towns have been anxiously waiting to see whether or not this legislation would be passed.

It is my feeling that in the best interests of wise budgeting that that decision ought to be made. I do not think Congress should put it off any longer. It is too bad we have not been able to consider this earlier.

The States and the subdivisions are entitled to know what they can expect in the way of revenue sharing. It was for that reason that I voted for reporting the revenue sharing bill from the Committee on Finance to the Senate for consideration.

Mr. President, I agree with the basic objections that have brought about revenue sharing. There is no question but what too much power, too much authority, and too much money are being centered in Washington. The Federal Government is handling things that can better be handled by the States and localities.

It is also true that the Federal Government, in carrying on these many, and some of them very large, programs, has reached out and taken possession of all the available revenue. This trend should be reversed. There should be more matters handled on the State and local level. The power over matters that are non-Federal in nature should remain in the States and localities. The best government is the government which is closest to the people.

It is also necessary for us to reverse the trend of the Federal Government taxing and taxing and taxing, to the end that there is nothing left to support State and local government.

In this objective, I agree with inauguration of the revenue-sharing bill and this proposal.

I do not like the details of this bill. I hope that we can have some vast reform in revenue sharing.

In the first place, for the Federal Government to be broke, rendering a huge deficit, and to borrow money to send out to States and subdivisions is not a wise procedure. It is not revenue sharing. It is the Federal Government using their power to borrow money, to turn that money over to officials who have had no responsibility in raising the money.

True revenue sharing should be built around the idea of sharing the available sources of revenue. That means that we can never actually have any revenue sharing that is real until we balance the budget.

Then we should examine our tax structure, find out where we are levying taxes in a given area, withdraw from that area of taxation, and let the States and localities impose the taxes in that particular situation.

It has sometimes been suggested that the tax on tobacco or alcohol—or both those fields of taxation—be returned to the States and they, in turn, could handle it for themselves, in the localities as they saw fit, and at the same time the Federal Government discontinue certain Federal programs that ought to be handled at home.

That is true revenue sharing. That is the only way we would perpetuate local government. It is the only way we can perpetuate that great American tradition of having local government as the training ground for good citizenship and good leadership.

The Federal Government should discontinue certain programs, whatever saved there, withdraw from areas of taxation so that the States and localities can impose that tax, collect the money, and meet the program. Or if they do not like the program, they could use it for something else.

But the quid pro quo would be that the Federal Government be relieved of certain programs and obligations and, in turn, they withdraw or let go certain sources of revenue.

If that were carried out, it would not damage the Federal budget at all because the quid pro quo would be that we are relieved of certain obligations of carrying programs that are expensive to operate in Washington and, in turn, we are releasing avenues of revenue.

No one could argue that it is in the interest of good government that one level of officeholders who vote to increase the debt or to levy taxes, give the money to somebody else to spend.

Politicians who want to spend money should face the music and raise the taxes. Because we deviate from that sound principle, there arise requests to put strings on these Federal funds.

There will be amendments offered today to put strings on this money. We should not do that. I am against it.

If this system of Federal revenue is to be continued, and I assume that it is, we should make it really revenue sharing and let the local people make some decisions. We should not have any strings.

Mr. President, I realize that my view of how revenue sharing is to be handled is perhaps a minority view. I think it is the right view. I believe it is in the interest of stronger States, stronger localities, and better Federal financing.

The time is late this year. So I would be a little bit overoptimistic if I thought the reform I talk about could be effectuated this year. But I do hope that, as this bill moves through the Senate, we will refrain from attaching strings to this money, from making requirements, from doing the very thing that we should not be doing. That is, making decisions that should be made back home.

Mr. President, there is something else defective about the present program. There is no question, with all the money we handle here and all the deficits that we run, the money we have to borrow, is one of the big factors in firing inflation.

Who suffers from inflation? Local and State governments.

It does not matter whether it is running their State institutions, such as the State university, or feeding the inmates of the penitentiary. The inflation goes on. As the price of a pair of overalls goes up, and the State has many wards, they feel it.

How much has construction gone up? How much have repair bills gone up? A great deal.

Local and State governments must carry on these programs. They must keep their buildings in safe and sanitary condition, and buildings must meet the requirements laid down in the law. It costs them, and costs them, and costs them.

Mr. President, the wasteful, excessive spending and the grab for power in Washington has increased the cost of the local and State government tremendously. Whatever they might think they are getting for free in the type of revenue sharing we have at the present time falls far below the added costs they must bear that were caused by Washington.

Therefore, my plea today is that we reform this program, that we have a genuine revenue sharing, that programs that can better be handled at home be turned back to the States.

In many instances, they will not choose to continue those programs, because they are not any good in that particular community.

Then at the same time, we should withdraw from certain fields of taxation. We should release sources of revenue to the States and localities. That is the course we should follow.

Mr. President, the course we have been following was not the right one. We are borrowing money, running huge deficits, adding to the fires of inflation, causing more and more expense on the local and State governments that is not redeemed by borrowing money and sending them a check.

We should get back to the principle of those politicians and officeholders who spend the money should levy the taxes.

That is not directed as a criticism at this time against State and local officials, because the Federal Government has reached out too far and taken too great a share of the available revenue.

Therefore, Mr. President, I cannot support this bill before us, but my plea is for real revenue sharing in the manner which, in my opinion, it was originally conceived. Mr. President, I yield the floor.

Mr. PACKWOOD. Mr. President, I rise in support of this revenue sharing bill.

I rise in very strong support of this revenue sharing bill, because I think that the direction this bill is taking is the direction I would hope the Federal Government would take in any number of other expenditures that they make allegedly on behalf of local governments.

When general revenue sharing was passed a number of years ago, the philosophy was the Federal Government can collect the money and give it to the States, cities, counties, and townships with as few strings as possible, although even then we added some strings to the bill.

In the present version of the revenue sharing bill now before us, we have removed almost all the strings that had previously existed. We have eliminated the requirement that certain moneys must be spent for certain priorities. We have severely limited the auditing, reporting, and publication requirements.

The only string that is probably still in is the civil rights string, and I think justifiably so. If that be an exception to the provision that we are trying to give as much autonomy to local governments as possible to spend this money as they want, then so be it. There is still a fear, and I think justifiably in the country, that discrimination does exist at the local level. It certainly exists at many levels of the Federal Government.

So we have tried to put into this bill a very tight, self-enforcing civil rights provision that says simply if the local government discriminates in the spending of the money, future moneys can be set aside and not received by the local government.

Other than that, this is a model revenue sharing program. The Office of Revenue Sharing today has fewer than 100 employees.

Its administrative costs are less than thirteen one-hundredths of the money it administers, far and away the lowest cost administered Federal program that exists. The administrative costs are so low and the employees so few, because there are relatively few strings to the money. The Office of Federal Revenue Sharing basically takes a look at the formula under which the money is distributed and the formula is in the law.

An argument is made that this is Federal money and that we have in fact a right and a duty to direct the local governments how to spend it, apparently on the theory that it is Federal money, that we are wiser than local governments in what their priorities ought to be and we should direct them to spend it.

Well, first, this is not Federal money. This money does not belong to us here in Congress. It does not belong to the Members of the Senate or the Members of the House. This money belongs to the taxpayers of this country. We hold it in trust for a few months after it is collected and before it is spent. Let us disabuse ourselves, however, of any thought that this is "our" money. It belongs to the citizens of this country.

Second, if we have any thoughts left in Washington that we are smarter than the Governors, the county commissioners, and the mayors of this country, I hope we are willing to put those thoughts aside. The evidence of Federal Government misuse, mismanagement, and ineptness in spending money is colossal. The one thing we surely do when we have a Federal program that applies all over this country is that if we make a mistake in what that program is or how it should be administered, we apply it all over this country and the mistake is nationwide.

We are not any smarter than local officials. We surely do not know their priorities as well as they know their priorities.

If any city in this country cannot decide for itself within the limits of its budget whether it needs a fire engine, a day care center, or a park, we in Washington, D.C., cannot decide which they need most.

So as we go through the different provisions of this bill I hope we will remember this: One, the Federal Government can collect this money very cheaply. We are very efficient at collecting money. There is no reason why we should not relieve the burden, and I think unfair burden of local real property taxes, because that is what is used to pay for the bulk of local services, relieve that burden and transfer it to the Federal income tax which for all of its alleged loopholes is a fairer tax than most local taxes. The Federal Government would collect the money and then give it to the local government without strings, with the exception of the civil rights string, to spend as they want.

I frankly wish we would extend this concept to education; that we would gather up all of the primary and secondary education programs we have, put all of the money into a lump sum, not reducing it one whit from the amount now spent for education, and give it to the local school boards and tell them to spend it on their needs, to spend it for a librarian, for a PE teacher, for an addition to the cafeteria, for whatever they think is their most critical need.

I wish we would do it in most of the other programs that the Federal Government now undertakes which are to help people at the local level.

This is not 1935. The day has long since passed when local governments are unresponsive to local needs. The day has long since passed when local governments are more subject to corruption than the Federal Government. The day has long since passed when so-called special interests exercise a greater control over local government than they do over the Federal Government.

In my view, local governments spend money more wisely, spend it more cheaply, and spend it more honestly than the Federal Government. The biggest favor the Federal Government can do for States, counties, for cities and for townships is to collect the money with the Federal income tax, the Federal corporate tax, and give it to local governments with as few strings as possible, not in the hope but in the knowledge that they will spend it for their needs better than we could ever possibly spend it for their needs if we dictate how that money is to be spent from Washington, D.C.

The PRESIDING OFFICER. What is the pleasure of the Senate?

Mr. HUGH SCOTT. I ask unanimous consent that Kenny Butler, of my staff, be granted the privilege of the floor during the consideration of H.R. 13367, the revenue sharing bill.

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

TRIBUTES TO SENATOR MANSFIELD

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on Friday of this week, at the close of legislative business, the distinguished Republican leader, Mr. HUGH SCOTT, and I have 2 hours, to be equally divided, for the purpose of paying tributes to our distinguished majority leader, Mr. MANSFIELD, who will be retiring at the close of this Congress.

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

RECESS

Mr. ROBERT C. BYRD. Mr. President, I move that the Senate stand in recess for 15 minutes.

The motion was agreed to; and at 12:34 p.m. the Senate took a recess for 15 minutes.

The Senate reassembled at 12:49 p.m., when called to order by the Presiding Officer (Mr. ALLEN).

UNANIMOUS-CONSENT AGREEMENT—VOTE ON TREATIES

Mr. ROBERT C. BYRD. Mr. President, as in executive session, I ask unanimous consent that on Wednesday next, the four treaties—Calendar Nos. 9 through 12—be voted on in one vote, to occur at 1 p.m., and the one vote to count for four; that immediately following that rollcall vote, a separate rollcall vote occur on Calendar No. 13, Executive J, 94th Congress, second session; and that the second rollcall vote, which will be a back-to-back vote, be a 10-minute vote.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

PRIVILEGE OF THE FLOOR—VOTE ON TREATIES

Mr. THURMOND. Mr. President, I ask unanimous consent that Gene Lawrimore, of my Senate staff, and John Napier, of the Judiciary Committee staff, be accorded the privileges of the floor during the vote on the treaties on Wednesday of this week.

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

STATE AND LOCAL FISCAL ASSISTANCE AMENDMENTS OF 1976

The Senate continued with the consideration of the bill (H.R. 13367) to extend and amend the State and Local Fiscal Assistance Act of 1972, and for other purposes.

Mr. GLENN. Mr. President, I ask unanimous consent that two members of my staff, Len Bickwit and Reg Gilliam, have the privilege of the floor during the consideration of the revenue sharing measure.

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

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

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. ROBERT C. BYRD). Without objection, it is so ordered.

AUTOMOTIVE TRANSPORT RESEARCH AND DEVELOPMENT ACT OF 1976—CONFERENCE REPORT

Mr. MOSS. Mr. President, I submit a report of the committee of conference on H.R. 13655, and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. ROBERT C. BYRD). The report will be stated by title.

The assistant legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 13655) to establish a five-year research and development program leading to advanced automobile propulsion systems, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the RECORD of July 21, 1976, beginning at page 23124.)

Mr. MOSS. Mr. President, the conference report before us represents the culmination of 3 years of hard work on the part of the Senate to establish an aggressive automobile research and development program. Beginning in the 1st session of the 93d Congress, legislation has been repeatedly introduced on the Senate side. Bills have passed the Senate on four separate occasions.

The last time the Senate passed the legislation was early in June and has resulted in the conference report before us today.

The need for an aggressive program of automobile research and development has never been greater. As we have grown more complacent about the energy crisis, we find ourselves slipping back into the large car, gas guzzling pattern that has plagued us since World War II. Despite the 1973 Arab oil embargo and all of the economic and foreign policy realities brought sharply into focus by it, we still continue to import approximately 40 percent of our oil.

The automobile is the single largest end-user of petroleum in this country, accounting for nearly 40 percent of present consumption. The automobile is also a dominant source of pollutants, especially oxides of nitrogen, the precursor of smog, and gaseous hydrocarbons.

Despite all of the problems associated with automobiles, and especially automobile engines, the automobile industry continues to place virtually all of its effort into refining conventional internal combustion technology with all of its inherent tradeoffs concerning air pollution goals and fuel economy. Enormous pressures have been exerted against the Congress and the administration by the auto industry to compromise auto fuel economy goals and emission standards.

At the same time, there are a number of other promising engine types that do not present tradeoffs inherent in internal combustion engine technology. The most promising appear to be Stirling and Brayton cycle engines which can offer tremendous advantages in terms of fuel economy and emissions control.

For example, a recent study of the Jet Propulsion Laboratory in Pasadena, Calif., estimates that Stirling cycle engines are capable of achieving a 47-percent increase in average fuel economy over conventional internal combustion engines, while saving consumers approximately $600 over the lifetime of a full-sized automobile. This could save this country approximately 2 million barrels of oil per day by the year 2000.

Turbines could offer even greater consumer savings.

The conference report before us is designed to provide the kind of support for these alternatives which is necessary to exploit their full potential within the next decade. The conference report before the Senate today is the result of careful consideration and compromise between the Senate and House versions. It specifically meets those objections articulated by the administration to the enactment of this program.

A brief description of the conference report provisions is in order so that we may understand what we are voting on.

The conference report requires the Energy Research and Development Administration to establish a 5-year program which will result in the development of advanced automobile propulsion systems, advanced automobile subsystems, and integrated test vehicles. In fulfilling these duties, the Administrator is to give priority attention to the development of advanced propulsion systems.

Nonetheless, the program will result in the development of an integrated test vehicle which incorporates advanced automobile propulsion systems, and other advanced systems as well, in a vehicle which has, in essence, been constructed from the ground up. The vehicle to be constructed must substantially increase automobile fuel economy and substantially reduce environmental impact. It must conform with Federal requirements with respect to safety and damageability, and otherwise be a satisfactory automobile.

It is important to note that the conference report before us does not authorize construction of production prototypes. Production prototypes are recognized by the industry as having gone through the final phases of engineering development and have been readied for mass production. This is a key provision which should alleviate any fears the administration and others had that this legislation would infringe upon the traditional responsibilities of the automobile industry.

At the same time, the goals of the Senate bill, which were to integrate and assemble a complete vehicle which utilizes advanced technology, are preserved.

It is also important to point out that while the Administrator of ERDA will have overall management responsibility for conducting the program, the role of other agencies is also recognized. For example, section 6(a) requires the Administrator to utilize the expertise of the Department of Transportation to the maximum extent practicable in the areas of safety and damageability, and to use other agencies as well, to the extent that he deems it appropirate. Thus, the expertise of the Department of Transportation in safety and damageability, and especially their work with respect to the research safety vehicle program, will be utilized fully. Rather than detracting from the present authority of DOT to conduct research and development, the result of this statute should be to enhance it through these requirements. But the program will be under the direction of a single agency, in this case, ERDA.

Provision is made for the evaluation and testing of advanced automobile technology which is developed under this act or elsewhere, and for the dissemination of information to developers.

The Senate bill contained provisions for mandatory licensing of any patented technology which was reasonably necessary to fostering expeditious commercial application of advanced automotive technologies. While I remain convinced that mandatory licensing is an appropriate vehicle to reap the benefits of an R. & D. program, it was clear that the House side was adamant on this point and was backed to the hilt by the administration. The conferees therefore agreed to accept the present provisions of the Federal Nonnuclear Energy Research and Development Act which will apply with respect to patents or other inventions made or conceived under this authority.

The conference report before us contains an authorization for appropriations of $25 million for fiscal year 1977 and $75 million for fiscal year 1978. This level of funding should be adequate to fund the contracts and grants program for the next 2 fiscal years. The loan guarantee provisions which appeared in the Senate bill were deleted in favor of a study by the ERDA Administrator on loan guarantees and how they might be used in the context of this kind of program. This should form a better basis upon which to make judgments about loan guarantees when the program will be reauthorized 2 years hence.

It should be recognized that the authorization for appropriations included in this conference report are in addition to any of those contained under the annual authorization for ERDA, which for fiscal year 1977 is approximately $27 million.

One of the more difficult issues before the conference was the extent to which the statute should contain authority for the Comptroller General to have independent access to books and records of recipients of financial assistance under the act. The House bill did not contain

an explicit provision with the assumption that existing authority under the Energy Reorganization Act would apply.

The Senate amendment authorized the Administrator and the Comptroller General to have access to books, documents, papers, and records which, in the opinion of the Administrator or the Comptroller General, may be related to the financial assistance granted.

Given the fact that the Energy Reorganization Act contains a clause which gives the Comptroller General access to and right to examine any "directly pertinent books, documents, papers, and records of the contractor or any of its subcontractors," the provisions of existing law will apply. Litigation is currently being conducted over language similar to that contained in the Energy Reorganization Act concerning procurement by the Department of Defense. Thus, what is precisely meant by "directly pertinent books, documents, papers, and records" is now being delineated by the courts. While it is best to wait until that litigation is concluded before deciding whether additional legislative adjustments are necessary, it is appropriate to comment on what the intent of those provisions of the Energy Reorganization Act language should be in the context of this program. Of course, GAO and the Administrator will have access to those records which account for direct expenditures by a contractor or grant recipient for nonbid items. In addition, other management decisions of large corporations are directly relevant to the manner in which costs are assessed to an R. & D. project. For example, the manner in which overhead costs are assessed to a given R. & D. project is extremely important to finding out whether the Government is getting its money's worth or not. It would obviously be inappropriate to charge excessive overhead costs to R. & D. projects financed by this authority. The Comptroller General and the Administrator ought to have access to the manner in which these kinds of allocation decisions are made by recipients of financial assistance.

As the Senate today considers this conference report, we should recognize the efforts of the distinguished Senator from California (Mr. TUNNEY) in bringing this legislation to this point. He is the principal sponsor of the Senate bill which forms the basis for this conference report. He has worked persistently and diligently on this bill and we all should be grateful to him for it.

Mr. President, in my view, the conference report before us today represents a fair agreement between the House and the Senate. This is an extremely important program which should get off the ground without delay. I urge the acceptance of the conference report.

Mr. GRIFFIN. Mr. President, I hope the American people learn about this legislation. It would be difficult to think of legislation more ridiculous and less necessary than this particular bill, which, if enacted, will cost the taxpayers of the United States $100 million.

Ralph Nader once observed:

If there is one thing worse than General Motors producing cars, it would be the United States Government producing them.

This bill goes a long way—toward putting the Federal Government in the business of designing and producing automobiles.

I do not know of any great objection to this legislation from the automobile companies. If the Government wants to spend $100 million to do research that private enterprise should do and has done, I suppose industry will accept the results of this legislation. But it is a ridiculous, wasteful expenditure of the taxpayers' money.

I am glad to call the Senate's attention to the fact that the Secretary of Transportation, William Coleman—who, I think, is doing an outstanding job in his position—has written a very forceful letter to the chairman of the Committee on Commerce, indicating that he opposes the bill and hopes the President will veto it. I, too, hope the President will veto the bill, and that the veto will be sustained in Congress.

The letter that Secretary Coleman has written to Senator MAGNUSON states:

THE SECRETARY OF TRANSPORTATION,
Washington, D.C. July 14, 1976.

Hon. WARREN G. MAGNUSON,
Chairman, Committee on Commerce, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: On June 28, 1976, I wrote to you to express the Department's strong opposition to both the House and Senate versions of H.R. 13655, the "Automotive Transport Research and Development Act of 1976." This letter is to express our continued opposition to provisions of the bill which we understand have been approved by the Conference Committee.

While we have not yet seen a printed version of the Conference Committee's report, we understand that the approved bill would provide for the development by the Energy Research and Development Administration (ERDA) of "several" "integrated test vehicles" to test advanced automobile propulsion systems which the bill also would direct ERDA to develop. It would also permit ERDA to support the development of the "integrated test vehicle" with as much as one-third of the funds authorized by the bill. It is our further understanding that an "integrated test vehicle" is not merely a test bed for the evaluation of propulsion systems, but is so broadly defined that it could be a complete vehicle with careful attention paid to safety, emissions, fuel economy, damageability, productibility and other features.

We continue to oppose such provisions for two reasons. First, they would duplicate programs already established within the Department of Transportation for research and development pertaining to complete advanced automobiles. We believe it is duplicative and unnecessary to assign ERDA responsibility to develop an "integrated test vehicle" when DOT's National Highway Traffic Safety Administration (NHTSA) is already well along in its implementation of a program to develop an integrated advanced vehicle which will be damage-resistant, safe, energy-efficient, and environmentally sound. NHTSA also conducts research on all major components and systems of automobiles, and has responsibility for promoting through its regulations the development and production of improved cars by the manufacturers under statutes to regulate motor vehicle safety, damageability, and fuel economy. In other words, ERDA would be doing exactly the same thing that DOT is already doing. The research and development activities are authorized by the Department of Transportation Act (49 U.S.C. 1651 *et seq.*), the National Traffic and Motor Safety Act of 1966 (15 U.S.C. 1381 *et seq.*) and the Motor Vehicle Information and Cost Savings Act, as amended (15 U.S.C. 1901 *et seq.*) For automotive research and development activities, DOT has obligated $17.7 million in FY 1976 and has requested obligational authority of $26.9 million in FY 1977.

Second, the Department opposes the bill because it would disrupt the existing DOT-ERDA working relationship designed to coordinate our respective development activities in the transportation area. This relationship is embodied in a carefully worked out memorandum of understanding, a copy of which is enclosed. The Department is fully prepared to integrate any advanced propulsion system developed by ERDA into our advanced vehicle. By proceeding in this way, the respective component capability and jurisdiction of ERDA can be respected, DOT can continue to fulfill its mission of promoting the development of complete advanced automobiles, and the Congress can avoid disrupting effective working arrangements between agencies.

Let me again call your attention to my letter to you of June 28, 1976, and its attachment indicating the joint view of ERDA and DOT that such legislation is unnecesary. Because we continue to believe that the expenditures of funds to carry out such duplicative purposes is not a responsible use of taxpayer's dollars, I regretfully must advise you that we will recommend that the President veto any measure containing such provisions.

Sincerely,

WILLIAM T. COLEMAN, Jr.

Mr. President, frankly, it is bad enough that one governmental agency is engaged in this kind of activity—an activity properly and traditionally performed by the private sector. But this legislative proposal requires that it be duplicated—that two Government agencies engage in the same activity.

Mr. President, I ask unanimous consent that the minority views I filed in connection with the Senate version of this legislation be reprinted at this point in the RECORD.

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

MINORITY VIEWS OF MR. GRIFFIN TO S. 3267, THE AUTOMOTIVE TRANSPORT RESEARCH DEVELOPMENT ACT

Although Congress has already imposed Federal regulations on virtually every aspect of private sector design and production of the automobile, this bill would carry the process to the extreme: it would put the Federal Government into the business of designing automobiles.

The bill authorizes $330 million for the Government to build an "advanced automobile" (whatever that is), which would be "energy-efficient, safe, damage-resistant, and environmentally sound. . . ."

Under the bill, the Secretary of Transportation is directed to develop production prototypes of such a "supercar" within 4 years. A production prototype is described as an automobile in its final development stage that can be produced commercially in volumes of more than 10,000 per year.

Ralph Nader once observed, "If there is one thing worse than GM producing cars, it would be the U.S. Government producing them." On that point, he was absolutely right.

Perhaps some Federal R. & D. to improve engine fuel efficiency and safety technology can be justified. Indeed, both the Department of Transportation and the Energy Research and Development Administration have active auto R. & D. programs already underway. Additional funds to speed up such efforts could be defended.

But it is wasteful and foolhardy in the

extreme to move Government into the business of designing automobiles—or for that matter dishwashers, television sets, or vacuum cleaners. During hearings before the Committee last year, Dr. James Kane, Acting Deputy Assistant Administrator of ERDA for Conservation, emphasized that:

"The Government does not have, and in my opinion, should not seek to develop, capabilities in engineering development and product improvement. In other words, the final phase, manufacturing, is an area in which industry has superior capabilities *and Government has almost none.*" (emphasis added)

More recently, in March of this year, Dr. R. Rhoads Stephenson of the Jet Propulsion Laboratory at the California Institute of Technology strongly counseled the House Science and Technology Committee against "Government involvement in the production, engineering, tooling, or actual production."

Similar advice was given to the House Committee by Dr. Lawrence H. Linden of the Energy Laboratory at the Massachusetts Institute of Technology, who recommended that the Government should not "commence an Apollo-style crash program for the development of production prototypes. . . ."

Those who genuinely seek to help consumers by holding down prices will resist this ridiculous, extravagant thrust toward more—not less—Government intervention. This legislation represents an unwise abandonment of the very economic system that has made our country great.

Mr. GRIFFIN. I think this conference report should be rejected, and I ask for the yeas and nays.

Mr. MOSS. If the Senator will withhold his request, I will be glad to agree to it, but I understand there is an order, Mr. President, that no votes occur before 3 o'clock.

Mr. GRIFFIN. That is satisfactory to me. At the appropriate time I will request the yeas and nays.

Mr. MOSS. If the yeas and nays are ordered, I ask that the vote be after 3 o'clock, perhaps to follow the first vote that is on the agenda.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. MOSS. Mr. President, if the Senator has withheld his request, I have a very brief reply to the Senator from Michigan, and I hope in the meantime we can get enough Senators in the Chamber so that the yeas and nays can be ordered.

Mr. President, the Senator from Michigan indicates that we should simply leave it to the private sector to carryout the research and development on new automobile propulsion systems and other related research.

The Automotive Transport Research and Development Act is in response to the great frustration we have experienced with the automobile industry, due to the fact that the automotive industry has not pressed hard enough to find alternatives to the present engine configurations.

Recently many people have adjusted to the higher price of petroleum. The automobile industry has drifted back toward manufacturing big cars, and we read about these trends in the press and in advertisements. We are again beginning to drive internal combustion engine powered cars that get poor mileage, which use a great deal of fuel and continue to pollute our atmosphere. We are in a crisis situation in trying to find out how we can conserve fuel, petroleum particularly, and how we can clear our air in our cities.

This is an assignment to be handed over to either a person who does not have any economic stake in it, or to the Government which does not have any economic stake, whether it can sell cars or not, to see if we can develop the kind of car that would relieve us from these burdens.

Now, of course, this program costs money. But any meaningful R. & D. is going to cost money. If the automobile industry, with appropriate motivation, would suddenly turn and start to do all this research it apparently would spend approximately the same number of dollars. As little as we all like to spend tax funds, I think these funding levels are eminently justified for this important program.

As I pointed out in my opening statement, we have been working on this for a number of years. The Senate has four times passed essentially this bill and, therefore, I do not think there ought to be any delay now since the House has finally agreed. We have given ERDA lead agency responsibility, but other agencies like DOT will be involved with their expertise and are directed to be brought in. We must go forward with this research and, hopefully, out of it we will get the breakthrough we are looking for.

I emphasize again that there is no authorization for building production prototype vehicles under this authority. It is designed to get the research done and choose a propulsion system or systems, and integrate the other features of an automobile with it. Private industry would then take over, tool up, and begin to prepare to produce the production models that would then be sold to the buyers of this country.

I think everyone recognizes that we need to step onward. We are caught in the clutches of the internal combusion engine which has turned out to be very damaging to our environment and is a great consumer of petroleum.

So I would be glad to agree to a rollcall vote, in accordance with the unanimous-consent agreement granted by the Chair.

Mr. President, I suggest the absence of a quorum so that we can get a sufficient number of Senators for the yeas and nays.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MOSS. 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. MOSS. I ask for the yeas and nays, with a vote to occur as agreed to.

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

The yeas and nays were ordered.

The PRESIDING OFFICER. By unanimous consent, the vote will occur after the hour of 3 p.m.

TIME FOR VOTE ON CONFERENCE REPORT ON H.R. 13655

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the vote on the conference report on H.R. 13655 occur at 3 p.m. today.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. DOMENICI. Mr. President, I would like to speak in support of H.R. 13655. Last June 14, when the Senate Committee on Commerce version of this bill, S. 1883, came to the floor, I had three objections to the bill. First, it called for the Federal Government to engage in advanced prototype production. In short, the Federal Government was to build a car. Second, the bill failed to emphasize the propulsion system, which I consider the key to further advances in meeting the Nation's energy and environmental problems. Third, S. 1883 placed responsibility for the program in the Department of Transportation. I felt the Energy Research and Development Administration, because of its existing role in automobile research and development, would be a more appropriate lead agency.

Because of my concerns over these issues, I offered an amendment to S. 1883 which fortunately passed and which placed the program in ERDA, emphasized automotive propulsion systems, and deleted the production prototype program. I am pleased to say that these elements have been retained in the conference report. In particular, the conferees have provided that "integrated test vehicles" are exactly that test vehicles, and not production prototypes. It is my belief that there remains more of the fear shared by many of us that the Government was building a vehicle that would be imposed on the American automobile industry.

Accordingly, Mr. President, I am pleased to cast my vote in favor of this conference report.

STATE AND LOCAL FISCAL ASSISTANCE AMENDMENTS OF 1976

The Senate continued with the consideration of the bill (H.R. 13367) to extend and amend the State and Local Fiscal Assistance Act of 1972, and for other purposes.

Mr. McCLURE. Mr. President, this year the Congress will be called upon to make a number of key budgetary decisions. General revenue sharing is one of these major policy choices. However, in this instance, the impact of extension cannot be measured simply by counting the dollars involved and relating them to total Federal spending. The issue is clearly more dramatic than that and the response which this Congress makes, will and must be interpreted as a commentary on the state of this Federal union. In that sense, the renewal and expansion of general revenue sharing is a key to the philosophical reality of the Bicentennial.

This Union of States to form a Federal Republic had no historic parallel in scale during the 2,000 years which preceded its inception. In fact, every other nation which possessed a land mass of comparable size had been an autocracy ruling its people with tyranny and viewing its neighbors with distrust. Added to this initial historical contradiction was yet another paradox in that the Federal union responded to the need for unified self-defense and yet maintained a republican framework to insure and protect the citizens of the several States from any encroachment on their individual liberty by the central government. In short, we created an imperishable union of sovereign states. The temper of that union has been tested from the very moment in which it was forged and that test continues today.

Over the years real power, as measured by the control of resources, has shifted dramatically to the central government. To the extent that the Federal Government preempts resources generated at the State level and uses those resources to execute its perceived responsibilities, it reduces the ability of the other partners in government to meet emerging needs at the State and local level. General revenue sharing represents an attempt to redefine and reshape the relationship between the Federal Government, State and local governments, and the citizens along those lines which have served so well for so long.

The tests which must be applied by this Congress include not only those of sophisticated budgetary analysis, but also the qualitative measures by which we determine the value of federalism itself. The Congress must determine whether or not a revitalization of federalism will contribute to the preservation of freedom, the efficiency and responsiveness of government, and the improvement of the quality of life for the individual citizens. The question is not whether these goals can be fully achieved at the State as opposed to the Federal level, but rather can they be more effectively pursued by governmental units at lower levels.

Those who oppose the renewal of general revenue sharing do not share my enthusiasm for federalism. Nor, in many cases, do they exhibit the same level of trust which I have in local government officials to identify and meet the demands of a local electorate. The rationale which is employed by those who seek the termination of general revenue sharing is founded, I believe, on at least two weak precepts.

The first of these precepts is that a principle of good government is that the authority to tax and the authority to spend should not be separated. Unfortunately, many legislators, while adopting the former principle, fail also to recognize that a responsible legislative process demands that as Federal Government programs are enacted, the resources to implement these programs must be made available at the State and local level. This is especially evident when over the years it can be seen that decisions in the Congress, by the executive, and by the judiciary have mandated that the costs of many Federal initiatives be borne at the State and local level. The question at hand is not whether this shift or these programs have been good, bad, or indifferent. The question is whether or not this shift has been accompanied by an expanding level of resources at the State and local level which is consistent with the implementation of these initiatives.

For example, the Federal Government has mandated certain costs which must be met by State and local governments. Among these are minimum levels of salaries, minimum wage law extensions, social security contributions, unemployment compensation, workmen's compensation, old age survivors and disability insurance, hospital insurance, et cetera. We have forced compliance at the local level with the Davis-Bacon Act, the Occupational Safety and Health Act, extensive environmental legislation, equal employment opportunity regulations.

In addition, we have forced the States to become involved in any number of matching or participatory programs which have a large impact on the cost of State and local government. In short, then, as the Federal Government has adopted initiatives which have increased the cost of local government, it has not been willing to make available, in a meaningful way, the resources which would be consistent with such enactments. The result has been that while taxes have remained stable, in fact even declined at the Federal level, State and local governments are forced to increase their regressive taxes consistently from year to year. State and local governments have no method by which they can raise the large sums of money mandated by a Congress from afar. It appears to me that the pleasures of legislating now require some balance and that pains must be taken to meet, through an extension of general revenue sharing, the enormous and expensive implications of the legislation which has already been enacted.

The second precept which appears to underlie the current criticism of general revenue sharing is that the urgent needs of citizens are better identified at the Federal level. It is argued that State and local governments are not utilizing shared revenues to meet the "most pressing" local needs. I reject out of hand the precept that "big brother" knows best. If we have learned anything from our experience with categorical grants we surely should all now share the understanding that ours is not a homogenous society and that the priorities of States and communities are vastly different. It is blatantly obvious that Federal bureaucrats cannot understand and interpret the aspirations and needs of different electorates as well as can the locally elected representatives of the people who make up those communities.

The argument that general revenue sharing funds are not being used to meet high priority needs is difficult to substantiate inasmuch as it is virtually impossible to designate which dollars actually spent at the local level are general revenue sharing dollars. In short, all dollars available to State and local bodies commingle and thus for all practical purposes become indistinguishable. Reported uses, however, do indicate that the majority of the impact of this aid was felt in the areas of public safety, education, and public transportation.

The logic and the arguments advanced by those who oppose a continuation of general revenue sharing are not compelling. What little persuasive value they may have, however, is overcome by an examination of the need for and the performance of the program itself.

It is not my aim today to simply examine the rationale advanced by those who seek to terminate or modify the concept of general revenue sharing. I do intend to make a case for the extension and expansion of the current program. It is to that task that I now turn.

We all recognize the fact that this country has an unparalleled record of achievement with respect to creating a level of spiritual and material fulfillment for its people. We have been aided in this endeavor by any number of factors not the least of which has been our pragmatic approach to problem solving. We have identified our aspirations as a people and translated them democratically into national policies. These policies and the legislation which reflects them have assured our citizens of certain fundamental rights and opportunities. In this we have been successful. However, as we have sought to go beyond this basic function of government, we have been increasingly less successful because we are forced to assume that specific problems are common problems and that a heterogeneous society shares a homogeneous philosophy on even the most specific of problems. I believe that our frustrating experience with categorical grant programs reflects the fact that we have gone too far in specifying what the citizen needs and wants and how he shall achieve it.

There exist any number of unmet needs throughout this country but I submit that many of them are diverse and local rather than national in nature. It is this expanding phenomenon which general revenue sharing is desiged to address. Since its inception, the program has distributed over $20 billion to 39,000 governmental units in 50 States and the District of Columbia. This massive, flexible and locally responsive program has been administered by a total staff of 100 employees at an annual operating cost of $3 million. It is far and away the most efficient of our hundreds of fiscal assistance programs.

The impact of the program can be measured in any number of ways but of these, two are most important. In the area of taxes and local debt creation, recipient governmental units have reported that, in the majority of cases, the receipt of revenue-sharing funds has reduced the rate of tax increase and/or reduced the rate of debt increase at the local level. In this sense, at least the program has permitted State and local governments to avoid large increases in regressive taxes. To be sure taxes have risen but that rate of increase has moderated. In this sense, general revenue

sharing has been an effective response to the fact that while income sources have expanded at the Federal level, needs have expanded at the local level.

A second measure of the need for revenue sharing relates to the fact that the program recycles money, power, and decisionmaking from the Federal level to local governments which are best able to understand and respond to the specific needs of diverse communities. In this respect the program represents a reaffirmation of our historic faith in federalism and of our faith and trust in government which exists in close proximity to the governed.

The recycling of money, power, and decisionmaking is fully consistent with the fact that State and local governments are more innovative, sophisticated, and open now than at any time in the recent past. They are better able, than we in Washington, to enact and review new or innovative programs which, when successful, can be modified and applied elsewhere. In this sense, social initiatives can be more daring than anything focused at a national level which runs the risk of turning the entire Nation into a social laboratory for the experiments of Federal bureaucrats. Had we been able to see the full implications of the Occupational Safety and Health Act on a limited scale, we would, I am sure, have recognized some of the potential problems associated with national implementation. This is only one example of the many which would occur to anyone familiar with the inherent problems associated with any new form of Federal regulation.

In yet another sense the provision of resources without "strings" is consistent with our tradition of permitting and encouraging citizens to participate in meaningful decisions related to government and spending. Those who oppose an extension of general revenue sharing are in many cases unhappy with the choices or spending decisions that local communities have made. They would prefer to preempt such choices and channel funds into more "socially useful purposes" as they define them. I find this fear of democracy and free choice to be both dangerous and inappropriate. At its best, it smacks of an approach to government which gives people what arrogance prescribes rather than what free choice demands.

Perhaps I have made too much of general revenue sharing by using it as a symbol of vital and vibrant federalism. Perhaps we can approach the task of meeting local problems by some other method. I do not preclude that possibility but until such time as that possibility becomes a reality we must continue to respond within the framework of a program of revenue sharing. In this way it becomes possible for the Federal Government and this Congress to concentrate our talents and attention on the truly national issues of foreign policy, defense, and the general welfare in its broadest sense. In like manner, other units of government are given the resources which enable them to seek solutions to other numerous and diverse problems which continue to afflict the average citizen.

I have confined my remarks to the extension of the revenue sharing program. While this is critical it is also important that the program and the funds involved in it be protected from the erosive effects of inflation. In 1974 alone inflation reduced the buying power of the $6.5 billion revenue sharing payment to $5.5 billion. In order to avoid the reduction in purchasing power associated with a multiyear appropriation of a fixed number of dollars, it is necessary that we relate revenue sharing to Federal income tax collections which rise in response to inflation. I would propose that the percentage of the Federal income tax collections now represented by the funds allocated to general revenue sharing be maintained for the life of the new program with the added proviso that the amounts actually allocated to the program at no time be reduced below the absolute dollar level of the first year's funding.

Extension and expansion of the revenue sharing program are important not only in a fiscal but also in a philosophical sense. It is my intention to vigorously pursue both reenactment and expansion.

Mr. President, at a letter time I shall offer an amendment to carry forward the initiative which I have just described. Pending that time, I suggest the absence of a quorum.

Mr. FANNIN. Mr. President, will the Senator withhold that request?

Mr. WILLIAM L. SCOTT. Mr. President, will the Senator withhold?

Mr. McCLURE. Yes. I yield to the Senator from Arizona.

Mr. FANNIN. Mr. President, I yield to the Senator from Virginia.

The VICE PRESIDENT. The Senator from Virginia is recognized.

Mr. WILLIAM L. SCOTT. Mr. President, I have listened with interest to our distinguished friend from Idaho and commend him on the statement he has made.

I, too, favored revenue sharing in its initial concept, and yet over the years we have come to the place where I believe the State and local governments are better able to raise revenue than the Federal Government in order to meet the needs of the people.

I believe we would all agree that public funds, whether they are Federal, State, or local, come from the taxpayer's pocket. The people pay for public services. There is no such thing as Federal funds. It is taxpayers' money, whether collected at one level of government or another level.

So I am going to vote against the measure before us. I am going to vote against it because we have a Federal debt now in excess of $600 billion. I am told that interest on the national debt for the month of July alone was $3.75 billion. That is $3.75 billion as carrying charges on the Federal debt for 1 month alone.

Somehow we need to find a way to bring about a balance between the income the Federal Government receives and the amount of money it expends, and I know that this thought is shared by our colleague from Idaho.

In my opinion we have to weigh more carefully the needs of the people for services against the ability of the people, and the desire of the people, for particular services. Frankly, I believe the Federal Government and perhaps even the State and local governments are providing too many services for the people, services people may well be able to perform for themselves. I know the people of Virginia in their correspondence to me indicate that perhaps their greatest desire is for less Government regulations of their lives and for a balance of our budget. They are concerned about excessive Federal spending.

So while I feel that, if the Federal Government is better able to collect taxes and to raise revenue than the State and the local governments as I believe it was a decade ago, then revenue sharing would be a good thing. But today this does not appear to be true. We now have a high Federal debt; $3.75 billion in carrying charge for 1 month alone is, to me, an untenable situation, and I believe we need to rethink this whole concept of the Federal Government raising the money and letting some other level of government spend it.

I just wonder in the event the State and local governments receive their funds from the Federal Government if they weigh as carefully the expenditure of funds as they would weigh expenditures they had to collect the revenue themselves. I know the Senator from Idaho addressed himself at least in part to this thought. But if the local governments had to raise the money for a given community purpose and had to tax the people for it, would they more carefully consider the projects that they authorize and the expenditure of public funds? There are situations where for a sewage disposal plant or something of this nature communities need to have aid from the State or from the Federal Government.

General revenue sharing in theory is an excellent thing, but we do not have any revenue to share. We are borrowing money to give to the States and localities. Obviously, I would much prefer block grants than categorical grants, but it looks like we have both. We have both the block grants and the categorical grants. And if there is ever going to be a way that we balance the budget, we are going to have to say "no" to a lot of good programs, and so for myself I am going to say "no" to this bill and vote "nay" on final passage.

Mr. McCLURE. Mr. President, I understand what my good friend, the Senator from Virginia, has said in regard to the cost of the Federal debt, both in aggregate and philosophical terms. The second concurrent resolution which was just approved by this body calls for an appropriate level of Federal debt in excess of $700 billion. I think it is no less a matter of concern to the Senator from Idaho than it is to the Senator from Virginia. But Congress has taken various actions in the last several weeks and months that have set appropriate levels of spending, upon the economic premise which the majority has adopted that spending at this level is the only way to

work our way out of the recession in which we find ourselves.

There is no likelihood under those circumstances that a denial of this program of revenue sharing would in any wise reduce the total amount of Federal expenditure.

Mr. WILLIAM L. SCOTT. Will the Senator yield at that point?

Mr. McCLURE. I am happy to yield.

Mr. WILLIAM L. SCOTT. I cannot believe my distinguished friend, the Senator from Idaho, believes in that theory that "the way you work yourself out of debt is to spend more money," because he and I have served in both bodies during the same period of time and have voted, in most instances, the same way, and his votes have not been cast in a manner to indicate that he believes "you spend yourself out of a bad fiscal situation."

Mr. McCLURE. I thank my friend. Of course, he is correct. I do not believe that is necessarily correct, but nevertheless the majority of this body and Congress, as a whole, have voted for that philosophy. So, the question is not whether or not the two of us, the distinguished Senator from Virginia and the Senator from Idaho, can control the pattern of spending, or whether or not we will reduce the size of the deficit. We have been unable to do that. The question then, within the context of this debate, as far as I am concerned, revolves around how should those funds be allocated. And it is my belief that it is far better to apportion a portion of those funds to State and local governments for them to spend, as they see fit, to meet their needs, as they perceive their needs, than it is to have that money spent only at the direction of the Federal Congress and the Federal bureaucracy.

I am sure that my friend, the Senator from Virginia, will agree that if that is the only choice that we have the appropriate choice is to put our reliance in State and local governments in perference to that of the Federal Government.

Mr. WILLIAM L. SCOTT. Of course, I agree with the comments that it is better for the decision to be made at the local or the State level. But in our present fiscal situation I believe the State and the local governments can raise the money and can more carefully weigh the needs of the people. When they have to raise the money before they can spend it, I just believe they will be more careful. If we had a surplus in the Federal Treasury, I would probably vote for this bill. But with an indebtedness of more than $600 billion, with the debt ceiling of which the Senator speaks of $700 billion, I cannot vote for this bill, and I just wished to explain that this is, in large measure, the reason that I cannot support the measure.

Mr. McCLURE. I understand the reasoning of the Senator from Virginia. I, just for myself, was willing to adopt the other of the two choices that are available to us and say that among the aggregate spending initiatives of the Federal Government there ought to be a reliance upon State and local government to direct at least a portion of that expenditure.

UP AMENDMENT NO. 443

Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The VICE PRESIDENT. The amendment will be stated.

The second legislative clerk read as follows:

The Senator from Idaho (Mr. McCLURE) proposes an unprinted amendment numbered 443.

Mr. McCLURE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The VICE PRESIDENT. Without objection, it is so ordered.

The amendment is as follows:

On page 31, in lieu of the committee amendment (unprinted amendment numbered 442) insert the following:

"(c) AUTHORIZATION OF APPROPRIATIONS FOR ENTITLEMENT.—

"(1) IN GENERAL.—There are authorized to be appropriated to the Trust Fund to pay the entitlements hereinafter provided—

"(A) for the period beginning January 1, 1977, and ending September 30, 1977, 75 percent of an amount which bears the same ratio to the sum of the taxes collected under chapter 1 of the Internal Revenue Code of 1954 within the 12-month period which ends on June 30, 1976, as $5,300,000,000 bears to the sum of the taxes collected under such chapter within the 12-month period which ended on June 30, 1971; and

"(B) for each fiscal year beginning after September 30, 1977, an amount which bears the same ratio to the sum of the taxes collected under such chapter within the 12-month period which ends on the preceding June 30 as $5,300,000,000 bears to the taxes collected under such chapter within the 12-month period which ended on June 30, 1971.

"(2) NONCONTIGUOUS STATES ADJUSTMENT AMOUNTS.—There are authorized to be appropriated to the Trust Fund to pay the entitlements hereinafter provided—

"(A) for the period beginning January 1, 1977 and ending September 30, 1977, 75 percent of an amount which bears the same ratio to the sum of the taxes collected under chapter 1 of the Internal Revenue Code of 1954 within the 12-month period which ends on June 30, 1976, as $4,780,000, bears to the taxes collected under such chapter within the 12-month period which ended on June 30, 1971, and

"(B) for each of the fiscal years beginning after September 30, 1977, an amount which bears the same ratio to the sum of the taxes collected under such chapter within the 12-month period which ends on the preceding June 30 as $4,780,000 bears to the taxes collected under such chapter within the 12-month period which ended on June 30, 1971."; and

Mr. McCLURE. Mr. President, simply, this amendment would do what I stated in my general remarks. It would relate the disbursement of Federal funds to State and local governments to a fixed percentage of personal income tax receipts at the Federal level.

One of the reasons we got into the situation we have found ourselves in recently has been that as inflation has changed the economy of the United States, we have exacted a Federal income tax increase by reason of pushing people upward in the very steep progressive income tax brackets in the Federal tax system. The result has been that for every 1 percent increase in gross national product there has been about a 1.7 percent increase in Federal tax collections at the personal income tax level.

At the same time this was going on, the relative ability of State and local governments to finance their own needs and demands has diminished as a percentage of gross national product. The result was that as demands of government increased—and they were increasing at the State and local level more rapidly than at the Federal Government level—precisely the opposite was occurring on revenues. The ability to finance the demands of government was increasing at the Federal level and it was not increasing at the State level. That is exactly the inverse condition of where the demand for services was occurring.

The result was and will continue to be that if we do not make an adjustment periodically, the Federal Government will again acquire an imbalance of financial resources compared to the State and local governments with regard to the needs. It seems to me that we will respond to that need. We will respond either by the fixed incremental increase, as provided in the Finance Committee bill, or by the amendment I have suggested, or by annual or periodic adjustments by specific act of Congress.

It seems to me that the better way of doing it is to set a fixed relationship or a fixed percentage of the amount of Federal personal income tax receipts that will flow through the Federal Treasury to the State and local governments.

As I related in my general remarks, the overhead on the administration of the revenue sharing has been handled by very few people at a very low cost. It is perhaps one of the most efficient forms of providing financial assistance to State and local government that we have yet devised. I would like to see that at least continued at the same relative level, and that is why my amendment would tie it to the personal income tax receipts level.

Mr. WILLIAM L. SCOTT. Mr. President, will the Senator yield?

Mr. McCLURE. I am happy to yield.

Mr. WILLIAM L. SCOTT. I wonder whether the Senator will explain his amendment further. The question in my mind is this: Does allocation of funds to the States in any way depend upon the amount of money that a particular State contributes to the total overall Federal income receipts?

Mr. McCLURE. My amendment would not change the allocation formula which is in the basic law, which is also being extended by the Finance Committee bill. All my amendment does is relate to the total amount of money which would be available for allocation under the formula which is in the present law.

Mr. WILLIAM L. SCOTT. I thank the Senator.

Mr. McCLURE. Mr. President, I do not know whether it is the desire of the Senator from Louisiana, the chairman of the committee, to handle these amendments as they come up now or, under the unanimous-consent agreement, to postpone their consideration until later in the day. I would be willing for my amendment to be handled and considered now or set aside and considered later, whatever is the desire of the committee.

Mr. LONG. Mr. President, I can state briefly what some of the problems are that relate to the Senator's amendment.

One problem is that we feel there should be some uncertainty on the part of the cities and the counties that they will receive a given amount of money. They need to be able to plan on it. If the Senator's amendment were agreed to, there would be less certainty as to the amount of money that any city or county would be entitled to, and that would create a problem.

Furthermore, if we vote a big tax cut, as we have done recently, at the very time when the communities need the money, there would be a drastic reduction in the amount of money available to many units of government whose revenues are tied to the Federal tax base because of the tax reduction voted by Congress.

If we found ourselves in a recession, the amount of Government revenue collections could be expected to go down, even though at that time communities need money more than they would need it otherwise.

It has been the judgment of Congress that we should do just the opposite: Instead of providing less money to local governments to help with their problems in times of recession, we should provide more. The Senator's amendment would move in the opposite direction from that of the considered judgment of Congress in that regard. We have looked at that kind of problem and decided that, faced with a recession which would reduce revenues to all levels of government, we should make more money available to local governments, rather than less.

We believe that the amendment should not be agreed to for these reasons: First, lack of certainty as to what the amount of money would be, which would mean units of government could not plan as adequately as they could otherwise, under existing law in accord with what we recommend for the future; second, this amendment would work exactly opposite to the policy we want to pursue with regard to the economic cycle. When we found ourselves in a recession, the communities would get less, rather than more.

In due course, Mr. President, as the manager of the bill, I will be compelled to resist the amendment. I am sure the Senator offers the amendment for very laudable reasons, but I regret that we feel it probably would be counterproductive. Therefore, I will have to resist it.

Mr. McCLURE. I thank the Senator from Louisiana. I understand some of the reasoning he has stated. I also understand the difficulty of trying to modify or change the thrust of legislation once it gets beyond the committee stage. The reason that I offered it, of course, is to relate it to the income increases at the Federal level, which respond to the general state of the economy, partly to meet some of the criticisms of the Senator from Virginia, who said we are unduly burdening the deficit. If we relate it to our receipts, then we are not burdening the deficit further in terms of recession. I would separate the general revenue-sharing provisions in the bill and in general law from those which are countercyclical in nature. As income rises at the Federal level, my amendment would have that apportionment rise at the local level. As income fell at the Federal level, the apportionment of the State and local governments would fall. That would leave the adjustment for countercyclical purposes to other provisions of statute than the general revenue sharing.

It seems to me that that is more appropriate, that the countercyclical actions should be separated from the general revenue disbursements. Whatever reduction there would be as a result of the income tax cuts we are enacting in Congress would be very small in terms of this total percentage; and certainly if, as a matter of fact, we work our way out of the recession, as the personal income tax receipts to the Federal Government were very greatly increased, our capacity to pay, our capacity to make those disbursements, would increase.

Under those circumstances, it is quite possible that the State and local governments would receive a larger disbursement under my amendment than they would under the committee amendment. But if, on the contrary, the economy does not respond as well, it seems to me that, in logic at least, the general revenue sharing that would go to the State and local governments would, correspondingly, not increase as rapidly, leaving to Congress, then, the opportunity to allocate whatever spending it does through programs designed to be stimulative rather than simply general revenue sharing.

Mr. LONG. Mr. President, these matters, of course, get to be matters of judgment. I do think that the committee's judgment in the past about the way the funds should be divided and the way that it falls among States and also within States has a good track record. We agreed to a formula 5 years ago as to how we will divide the money among the States. Now we have the bill back before us 5 years later, and both the House of Representatives agreed to the division as agreed to in the previous Revenue-Sharing Act, and the Senate Committee on Finance, having had occasion to view the way the program is working over the years, has concluded that we have a good formula and we really did not think we could improve on it. So it is one that has met the test of time insofar as the House of Representatives is concerned, and, we think, has met the test of time insofar as the Senate is concerned.

We really have a right to have even greater pride in how the money is divided inside the States. We on the Committee on Finance worked out a formula that we thought was the best way to do it. Our formula took into account the tax effort, per capita income, and population, multiplying each by the other. When we went to conference with the House, the House conferees saw that merit of our amendment; so much so that they agreed, without any substantial argument at all, to take the formula of the Senate Committee on Finance with regard to dividing the money within the States. That formula gave the States the right to change it. If a State thought that one county should receive more than another county or one city should receive more than another city, they could change the formula. Fifty States out of 50 have had the right to change that formula and how many States do you think have changed it? Not 1 State out of the whole 50?

That is a far higher degree of acceptance than this Senator would have expected. He would have certainly thought that one State or maybe two, or maybe 20, would have changed the formula for distribution within the State. Yet the merit intrinsic in the Finance Committee formula has been so fully accepted that 50 States out of 50 have seen fit to stay within that formula,

As a matter of fact, Mr. President, under that bill, which is existing law, the States had a right to change that formula in the first year. They could have changed it immediately. Instead, not 1 State in 50 saw fit to change the distribution formula provided by the Committee on Finance and agreed to by the Senate and the House of Representatives.

I do think we can say, with pardonable pride, that the committee has shown good judgment in providing for that method of distribution. We have some good credentials to suggest, since our judgment has been good in the past, that perhaps this method of distribution should be continued in the future.

Of course, the Senator has given a lot of thought to his amendment and I am sure it appeals to him as the best way to structure this program. All I will say is that, insofar as it makes a difference, I really cannot see that it is going to be an overall improvement of the program. I oppose it for that reason.

Mr. McCLURE. I thank the Senator from Louisiana. Certainly, I share the general statement that he has made, that the Committee on Finance has done a good job with this legislation. The history that he has cited seems to me to be pretty good proof of that. I served in the State legislature for 6 years before coming to Congress, and one of the fights we had in every session of Congress was over the allocation of education money—how we dealt with the formula. It was always inequitable to someone and it was always changed in some detail. The fact that this formula has not met with that change would indicate that there was some wisdom in its drafting in the first instance. But I still am impelled to believe that there can be a better recognition of the allocation of Federal funds on a shifting base rather than trying to anticipate over a long period of time what might be done.

The reason I suggest that is that it is very difficult for us to know what the economy is going to be 1 year from now, let alone 2 or 3 or 4 or 5 years from now. When we put into a program a specific allocation with specific increases, we are making some pretty far-reaching estimates or guesses, informed guesses, of what the economy is going to be and what real relative impact the allocation with have to the States and local governments out of the Federal revenues.

I have sought to remove that uncertainty by setting a fixed percentage because, if, as a matter of fact, the economy goes up very rapidly but so does inflation, if inflation goes up more rapidly than income tax receipts, then the State and local governments will be getting less in actual constant dollars than they are now getting. I suggest that, if that happens, Congress will be back in, being asked to change the allocation, which, of course, we can do at any time.

Mr. PACKWOOD. Will the Senator yield?

Mr. McCLURE. I am happy to yield.

Mr. PACKWOOD. Under the formula of the Senator from Idaho, if we get into a recession, the likelihood is that the action of Congress, at least if past experience is any indication, would be to cut the taxes, which in turn would force down the receipts of local governments at a time of inflation—in which case, we would be likely to come back here and vote to increase the funds anyway—I think.

I think we are wiser to stay with a fixed factor unless inflation becomes so debilitating that the fixed factor is no longer relevant, in which case we would be wiser to increase that on an annual basis to keep up with inflation, rather than tie it to a fluctuating figure that we might have from year to year on an income tax basis.

Mr. McCLURE. I understand the point the Senator has made, and I think it is a good one, in that we can expect some response on the part of Congress. But it still seems to me that in the event that happens, we are going to be looking at a lot of different relationships, not just this one. We can adjust to a lot of different relationships, not just this one, if, as a matter of fact, inflation should get so out of hand that it throws all relationships out of balance.

But, it seems to me, we could anticipate and State and local governments could anticipate their revenues better in terms of actual purchasing power by fixed relationship to income tax receipts than they could to a fixed dollar amount.

I understand both what the Senator is saying and what the distinguished Senator from Louisiana (Mr. LONG) has said in terms of predictability, and I suspect that I know, since the committee has not embraced this amendment eagerly, that it is not apt to be passed. But I would hope that if we do not adopt this amendment at this time I could at least get some assurance from the committee, as I am sure I can, that in the event the allocations under the committee measure actually turn out to be a decreasing proportion of the personal income tax receipts from the Federal Government or of the financial resources of the Federal Government, that the committee will within the time frame set forth in this bill again take a look at that relationship.

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

Mr. McCLURE. I am happy to.

Mr. THURMOND. Mr. President, I ask unanimous consent that Gene Lawrimore of my Senate staff, and John Napier of the Judiciary Committee staff be allowed the privileges of the floor for the revenue-sharing bill and the vote thereon.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. McCLURE. I yield to the Senator from Oregon.

Mr. PACKWOOD. As a member of the Finance Committee I would have been happy to have voted for a higher amount in the bill. They wanted to start with a $6.9 billion figure, but the Budget Committee has knocked it down to a $6.5 billion, and I would have been happy to increase the formula far beyond the $150 million or $250 million annual increase we are now facing. But again we did not do that.

In all fairness, the formula right now does not even keep up with the inflation we have had in the past, and what we have built into it does not even keep up with the inflation if the inflation is 5 percent a year, and I have seen very few projections that project less than 5 percent a year for the next 2 years.

So as far as local governments are concerned even under this formula of the Finance Committee they are going to lose money, and I think it is inadequate. But at the moment it is all we could get from the Budget Committee, at least for this first year.

Mr. McCLURE. Well, I would say to the Senator that is one of the primary reasons for my amendment, to respond not only to the beginning level but also to the anticipated directions of the economy because I share with the Senator from Oregon the conviction that our rate of inflation is going to be above the 5 percent a year range for too many years in the future.

If we do not adopt my amendment today, we are going to be back a year or two from now trying to moderate the impact of a fixed dollar amount which is stated in this bill. If we do not adopt this amendment this year, I hope the Finance Committee will be back in within the term of this legislation seeking to make some adjustments in the level of the revenues that are allocated under general revenue-sharing.

Mr. President, I am prepared to vote.

Mr. LONG. Mr. President, I would assume that is a matter on which the Senator might want a rollcall vote, if that is the case.

Mr. McCLURE. I would be satisfied with a voice vote.

Mr. President, I wonder if it might be well, even though it would be a voice vote, to set it off until the hour of 3 o'clock when we consider these amendments.

Mr. LONG. I suggest we do that.

Mr. McCLURE. I ask unanimous consent, Mr. President, that the amendment be handled in that manner.

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

Mr. FANNIN. Mr. President, would the Senator be willing to set his amendment aside in order that I might offer an amendment, with all votes being set aside so that voting can occur as the manager of the bill decides?

Mr. McCLURE. Certainly.

Mr. FANNIN. Mr. President, will the Senator from Idaho be willing to make that request?

Mr. McCLURE. I make that unanimous-consent request, Mr. President.

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

UP AMENDMENT NO. 444

Mr. FANNIN. Mr. President, I thank the distinguished Senator from Idaho.

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 Arizona (Mr. FANNIN) proposes an unprinted amendment No. 444:

On page 62, between lines 20 and 21, insert the following new subsection:

(d) DAVIS-BACON ACT.—Section 123(a) (relating to assurances to the Secretary) is amended by striking out paragraph (6) and (7).

Mr. FANNIN. Mr. President, I am absolutely opposed to continuing the extension of the provisions of the Davis-Bacon Act essentially to local construction projects developed with revenue sharing funds. In view of the clear inflationary effect of the Davis-Bacon Act on construction programs, I find it hard to justify its application in a program which is based on meeting financial problems caused by inflation. My amendment seeks to remove the Davis-Bacon Act provision from the extension of the State and Local Fiscal Assistance Act of 1972. This amendment not only will insure that local governments will have more revenue-sharing money to spend, but also that the Federal Government would have had less control over how it is spent. This will be impossible if the Davis-Bacon provision is retained. I need hardly remind my colleagues that back when we first passed revenue sharing in 1972, two of the basic premises arguing strongly in its favor were that: First, State and local governmens were hard pressed financially; and second, the people closest to the problems were in the best position to solve them.

Because I do not believe that the Federal Government should be taking sides in labor-management relations, my amendment proposes that we eliminate the Davis-Bacon provision from the bill. If it is wrong to apply Davis-Bacon to all construction projects financed in any way by revenue sharing, then it is wrong to apply Davis-Bacon to just the larger ones. Philosophically speaking, there is no magic to the 25 percent figure; a project 23 percent financed by revenue sharing is no different from one 26 percent financed through that mechanism.

Philosophy aside, the economics of the situation strongly suggest that it would be wise to disassociate Davis-Bacon from revenue sharing. Not long ago, Dr. Armand J. Thiebolt, Jr., of the prestigious Wharton School of Finance completed a study on the impact of Davis-Bacon in which he concluded that the annual cost of the act to the American taxpayer might well come to $1.5 billion.

If anything, such a figure is conservative inasmuch as a 1971 GAO study indicated that Davis-Bacon drove up the cost of Federal construction—estimated at $40 billion a year—projects by 5 to 15 percent.

Examples of the adverse economic impact of Davis-Bacon abound. For example, the April 1975 issue of Reader's Digest gives two case histories that should give every advocate of applying Davis-Bacon to revenue sharing pause for reflection. In one instance requiring certain Vermont roofers and electricians to be paid at the union scale in effect in Albany, N.Y., 125 miles away, added $42 million to the cost of Government-financed projects. And, in Pittsburgh, requiring union wage scale where 90 percent of all residential construction workers were nonunion added about $9,000 per unit to the cost of a 500-unit public housing project.

According to a GAO study, one 400-unit public housing project in Oklahoma City had its costs inflated by over $1 million—$1,026,000—thanks to Davis-Bacon while a 50-unit project in the same city wound up costing $208,000 more than it should have for the same reason. Similarly, Davis-Bacon provisions are estimated to have added $100,000 to the cost of a $1.1-million project in Hampton, Va.

With examples such as these, local governments should have every reason to be concerned about Davis-Bacon and particularly any extension of it.

The Davis-Bacon Act was passed back in 1931 when conditions were far different than they are today. Even if one accepts the dubious proposition put forth at the time, that there was a need to protect labor union wage scales in the midst of a depression, certainly that argument has lost its validity. If anything, Mr. President, the balance of power between labor and management has shifted in favor of the former and economic conditions have improved enormously. In fact, Mr. President, the biggest threats to economic prosperity today are inflation and increased Government regulation—both of which would be promoted by the retention of Davis-Bacon provisions in this bill.

If State and local governments are still as hard pressed for funds as proponents suggest, we should be doing everything possible to see that they can get the most out of their revenue sharing dollars. While I have serious reservations about the constitutional propriety of severing the nexus of accountability between the tax gatherers and the tax spenders, it stands to reason that if we are going to continue the revenue sharing program, we should do so in a manner that will permit maximum efficiency in the use of funds and a minimum of Federal control. As history has repeatedly shown, those close to a problem are able to handle it best.

May I remind my colleagues that, when this revenue sharing program was first adopted, the anticipation was that there would be, even if there was not at the time, surplus revenue to share. However, with budget deficits totaling over $120 billion in the last 2 years, and more of the same predicted, there is obviously no surplus revenue to share.

Therefore, the very least we should have done is delete from this bill language that adds to its cost while detracting from its effectiveness. Striking the Davis-Bacon provisions would do that, and would at the same time get the Federal Government away from siding with a single special interest group that has proved perfectly capable of taking care of itself.

Mr. President, in addition to the inflationary impact of the Davis-Bacon provision on revenue sharing funds, there is an even more important reason for us to remove that provision from law, since the application of the Fair Labor Standards Act to State and local governments may, within the intent of National League of cities against Usery, be unconstitutional. The Supreme Court's decision in that case denied the right of the Federal Government to set wage and hour standards for employees of State and local governments. Mr. President, by rejecting the arguments of those who would stretch the commerce clause of the Constitution to cover Federal implementation of their social welfare schemes the Supreme Court, in National League of Cities against Usery, has not only reaffirmed the concept of States' rights, as set forth in the Constitution and the 10th amendment thereto, but has struck a blow that will benefit both the American taxpayer and the American consumer.

The significance of National League of Cities against Usery stretches far beyond the fact that State and local taxpayers will not have the Federal Government telling them to pay more for State and local government services than they might have to otherwise. The Court's ruling also suggests that legislation to apply the provisions of the National Labor Relations Act to State and local employees would be equally inappropriate. Thus, the threat to the sovereignty of State and local governments—in dealing with their employees—is mitigated if not altogether removed.

Furthermore, it seems to me that if it is unconstitutional to apply the provisions of the Fair Labor Standards Act to State and local governments, it is equally unconstitutional to apply the provisions of the Davis-Bacon Act to State and local governments. Currently, and also in the general revenue sharing bill the House passed on June 10, Davis-Bacon provisions come into play on any project more than 25 percent of which is financed out of general revenue sharing funds. Since those projects are State and local government projects financed by the taxpayers of those jurisdictions, having the Federal Government set pay scales for workers on them is just as much an abridgment of States' rights as having the Federal Government set pay scales for workers directly in the employ of those governments.

Mr. President, my amendment to the general revenue sharing bill would delete Davis-Bacon applicability altogether. My concern is not just that such applicability was, in any case, inflationary but that it compromised State and local autonomy in all instances, not just those where a project was more than 25 percent funded out of general revenue sharing moneys. It appears to me that, in reaching its decision in National League of Cities against Usery, the Supreme Court is saying much the same thing—that the constitutional concept of States' rights is abridged by Federal intervention in the question of pay scales for people in the employ of State or local governments regardless of how well-intentioned the motives may be.

Mr. President, in the wake of this landmark decision, I urge that we drop the Davis-Bacon applicability provisions from the general revenue sharing bill altogether. If the Senate fails to do so, and the 25 percent formula remains in the final version of the bill, I think there is a strong possibility that the Supreme Court would, if a case came before it, throw out at least the section of the revenue sharing bill containing the Davis-Bacon provisions.

Mr. President, they are counterproductive anyway, it seems to me, and it would be better to drop them now than risk the uncertainty and inconvenience a court test might bring.

There will obviously be those who will view the Supreme Court decision in National League of Cities against Usery with fear and trepidation. However, when the dust has settled and the smoke has cleared, I think we will find that this decision is going to be a great benefit to the American people. By keeping alive the distinction between intrastate commerce and interstate commerce and by building on the time proven axiom that the level of government best able to solve problems is the closest to the people involved, the ingenious American system of checks and balances can continue to function as it should. If anything, State and local governments should take over more of the responsibility for problem solving from the bloated Federal bureaucracy.

Mr. President, I feel this would be the case and it would be of great benefit to the worker and to the American people.

Mr. President, it is the understanding of the Senator from Arizona that this amendment—and I will ask at a later time for the yeas and nays—will be set aside until the time the distinguished manager of the bill designates it should be considered.

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

Mr. FANNIN. Mr. President, I ask unanimous consent that Mr. Gordon Gilman of my staff be granted privilege of the floor during the debate and voting on this legislation.

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

Mr. PACKWOOD addressed the Chair.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. PACKWOOD. Mr. President, the Senator from Arizona raises two questions about the Davis-Bacon Act, one is excessive wages driving up the cost of the projects and the other is interference with State and local governments.

Let me separate my response into those two issues.

Let us take the argument about exces-

sive wages first. As we are all aware, those in the building trades, in the construction industry, by and large do not work a normal work year through reasons of inclement weather, through reasons of construction starting and stopping.

Most in that industry are lucky if they work 1,500 hours a year, rather than the normal 2,000 hours that a member working a 5-day week, a 40 hour-a-week job, works.

If we presume that a good plumber, or a good carpenter, makes $10 an hour, that means they are grossing—not netting, but grossing—$15,000 a year.

I do not find that to be an excessive wage for someone who is a talented carpenter, cabinetmaker, plumber, or electrician. Most of those people perform jobs that most of us and most others do not have the talent or ability to perform.

After they have had to apprentice 3, 4, or 5 years in one of these trades, they do have a craft and a talent that is genuinely unique and genuinely worth, I think, $15,000 a year.

That certainly does not put somebody into a high bracket, rich category. Anybody in this country who is getting by today, trying to raise a family, to put children through school, who grosses—not takes home, but grosses—$15,000 a year, is not living high off the hog.

As far as interference with local government is concerned, in the past 4 years under this program—4½ years now—we have had many complaints from local government about planned use reports, which was in the existing law that expires December 31 of this year.

We have had complaints about a whole variety of reports that local governments have had to file. We have had complaints about the priority spending that the bill requires. We have had next to no complaints about the Davis-Bacon Act.

During the hearings on the bill this year, at the request of the Senator from Arizona (Mr. FANNIN), I proposed to each of five witnesses who were appearing before the Finance Committee as a panel the question of whether or not they were bothered by the current law which required compliance with the Davis-Bacon Act if 25 percent of the cost of a project was funded by Federal revenue sharing.

A governor, as I recall, three mayors, a county commissioner, and a State legislator, five people all together, formed the panel.

To each individual I asked the question, "Are you in any way hampered, inconvenienced, or overburdened by the present provision that if a project is more than 25 percent funded by Federal revenue sharing you must meet the provisions of the Davis-Bacon Act?" Each one of them said no, they were not bothered; they were not overburdened. Bear in mind, they said no even though they had numerous other complaints about Federal revenue sharing, the reporting provisions and the other obligations that they felt were a nuisance and unnecessary.

If this is a burden to local government these people would have taken the opportunity right then to say "Yes." I do not think it is a burden. Local government has not seriously complained. It certainly is not giving somebody who happens to be paid the prevailing wage some kind of a lock on the Federal Treasury to enrich themselves unjustifiably if what they make, if they are lucky, is $15,000 a year, on the average.

I would oppose the Senator's provision to eliminate the Davis-Bacon requirement, first, because nobody is getting rich off it and, second, because it is not a burden on local governments.

Mr. FANNIN. Mr. President, evidently the Senator did not have the opportunity of reading about this, or he did not absorb the article published in Reader's Digest. For every item that he can cite where people are in favor of it, I can give him 10 people who oppose it.

I understand the position of those who have to deal with unions and all.

Since we do have guests at the present time in the Chamber, I will not continue the discussion on this particular amendment, Mr. President.

I yield the floor.

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

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. 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.

VISIT TO THE SENATE BY MEMBERS OF THE BELGIAN DEFENSE COMMISSION

Mr. ROBERT C. BYRD. Mr. President, we are honored today by a visit by a large group of distinguished Members of the Belgian Parliament. They are standing in the back of the Chamber.

I should call attention to the fact that these gentlemen are members of the Belgian Defense Commission and have been visiting the United States since the 4th of September. They have visited Palm Beach, Miami, Fort Worth, Edwards Air Force Base, San Francisco, and Washington, D.C.

I ask unanimous consent that a list of the names of these distinguished gentlemen be printed in the RECORD.

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

ROSTER OF PARTICIPANTS OF BELGIAN DEFENSE COMMISSION

(Revised September 7, 1976)

Mr. Descamps, Pres. Parliamentary Commission of the Senate.
Mr. Carpels, Vice President.
Mr. Vangronsveld, Secretary.
Mr. Herbage, Senator.
Mr. Lambiotte, Senator.
Mr. Bourgeois, Senator.
Mr. Rubens, Senator.
Mr. Sweert, Senator.
Mr. Thomas, Senator.
Mr. Nauwelaerts, Senator.
Mr. Vanderborght, Senator.
Mr. Strobants, Senator.
Mr. Maes, Senator.
Mr. Leys, Senator.
Mr. Cuvellier, Senator.
Mr. Tanghe, Vice President.
Mr. Poswick, Former Minister of Defense, Member of the House.
Mr. DeMey, Member of the House.
Mr. Mattheyssens, Member of the House.
Mr. Vanijlen, Member of the House.
Mr. Denilson, Member of the House.
Mr. Dejardin, Member of the House.
Mr. Van Steenkiste, Member of the House.
Mr. Remacle, Member of the House.
Mr. Daems, Secretary of the House Commission.
Mr. Ducobu, Member of the House.
Lt. General A. Crekillie, Belgian Air Force, Chief of General Staff.
Colonel Bamps, Belgian Air Force, Chief Supply Section.
Colonel J. Lefebvre, Belgian AF, Staff Minister of Defense.
Colonel V. Delafontaine, Belgian AF (Admin. & Tech. Section).
Lt. Colonel De Creamer, Belgian AF.
Mr. Pirotte, Admin. Secretary of the Defense Committee, Senate.
Mr. Delescluze, Admin. Secretary of the House.
Mr. Van Orshoven, (Director General) Prime Minister's Office.
Brig. General Camiel De Wilde, Belgian Defense and Armed Forces Attache, Washington, D.C.
Mr. Champenois, Cabinet Member of Foreign Affairs Ministry.

RECESS UNTIL 2:55 P.M.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate stand in recess for 10 minutes so that we may personally greet each of our visitors.

Mr. HUGH SCOTT. Mr. President, I join in the request for the recess so that we may greet the President of the Parliamentary Commission, and the other Members of Parliament who have distinguished us with their presence. I propose that we show our appreciation to our Belgian colleagues by our applause at this time as the recess takes place.

[Applause.]

There being no objection, the Senate, at 2:45 p.m., recessed until 2:55 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. THURMOND).

AUTOMOTIVE TRANSPORT RESEARCH AND DEVELOPMENT ACT OF 1976—CONFERENCE REPORT

The Senate continued with the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 13655) to establish a 5-year research and development program leading to advanced automobile propulsion systems, and for other purposes.

The PRESIDING OFFICER. By unanimous consent, the Senate will proceed to vote on the conference report on H.R. 13655.

The question is on agreeing to the conference report. The yeas and nays have been ordered. 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 Virginia (Mr. HARRY F. BYRD, JR.), the Sen-

ator from Nevada (Mr. CANNON), the Senator from Michigan (Mr. PHILIP A. HART), the Senator from Indiana (Mr. HARTKE), the Senator from Massachusetts (Mr. KENNEDY), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Minnesota (Mr. MONDALE), the Senator from New Mexico (Mr. MONTOYA), the Senator from Rhode Island (Mr. PELL), the Senator from Alabama (Mr. SPARKMAN), the Senator from Missouri (Mr. SYMINGTON), and the Senator from California (Mr. TUNNEY) are necessarily absent.

I further announce that the Senator from Minnesota (Mr. HUMPHREY) and the Senator from Hawaii (Mr. INOUYE) are absent on official business.

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

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BARTLETT), the Senator from Oklahoma (Mr. BELLMON), the Senator from Tennessee (Mr. BROCK), the Senator from New York (Mr. BUCKLEY), the Senator from Kansas (Mr. DOLE), the Senator from Utah (Mr. GARN), and the Senator from Oregon (Mr. HATFIELD) are necessarily absent.

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

The result was announced—yeas 58, nays 19, as follows:

[Rollcall Vote No. 582 Leg.]

YEAS—58

Baker	Hathaway	Nunn
Bayh	Hollings	Packwood
Beall	Huddleston	Pastore
Brooke	Jackson	Pearson
Burdick	Javits	Percy
Byrd, Robert C.	Johnston	Proxmire
Case	Laxalt	Randolph
Chiles	Leahy	Ribicoff
Church	Long	Schweiker
Clark	Magnuson	Scott, Hugh
Cranston	Mansfield	Stafford
Culver	Mathias	Stennis
Domenici	McClellan	Stevens
Eagleton	McGee	Stevenson
Eastland	McGovern	Stone
Fong	Metcalf	Talmadge
Ford	Morgan	Weicker
Glenn	Moss	Williams
Gravel	Muskie	
Haskell	Nelson	

NAYS—19

Allen	Griffin	Scott,
Biden	Hansen	William L.
Bumpers	Hart, Gary	Taft
Curtis	Helms	Thurmond
Durkin	Hruska	Tower
Fannin	McClure	Young
Goldwater	Roth	

NOT VOTING—23

Abourezk	Dole	Mondale
Bartlett	Garn	Montoya
Bellmon	Hart, Philip A.	Pell
Bentsen	Hartke	Sparkman
Brock	Hatfield	Symington
Buckley	Humphrey	Tunney
Byrd,	Inouye	
Harry F., Jr.	Kennedy	
Cannon	McIntyre	

So the conference report on H.R. 13655 was agreed to.

STATE AND LOCAL FISCAL ASSISTANCE AMENDMENTS OF 1976

The Senate continued with the consideration of the bill (H.R. 13367) to extend and amend the State and Local Fiscal Assistance Act of 1972, and for other purposes.

The PRESIDING OFFICER (Mr. HELMS). Under the previous order, the Senate will now proceed to vote on unprinted amendment No. 443, by Mr. MCCLURE.

Mr. PACKWOOD. 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 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 Virginia (Mr. HARRY F. BYRD, JR.), the Senator from Nevada (Mr. CANNON), the Senator from Michigan (Mr. PHILIP A. HART), the Senator from Massachusetts (Mr. KENNEDY), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Minnesota (Mr. MONDALE), the Senator from New Mexico (Mr. MONTOYA), the Senator from Rhode Island (Mr. PELL), the Senator from Alabama (Mr. SPARKMAN), the Senator from Missouri (Mr. SYMINGTON), the Senator from California (Mr. TUNNEY), and the Senator from Indiana (Mr. HARTKE) are necessarily absent.

I further announce that the Senator from Minnesota (Mr. HUMPHREY) and the Senator from Hawaii (Mr. INOUYE) are absent on official business.

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

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BARTLETT), the Senator from Oklahoma (Mr. BELLMON), the Senator from Tennessee (Mr. BROCK), the Senator from New York (Mr. BUCKLEY), the Senator from Kansas (Mr. DOLE), the Senator from Utah (Mr. GARN), and the Senator from Oregon (Mr. HATFIELD) are necessarily absent.

The result was announced—yeas 7, nays 70, as follows:

[Rollcall Vote No. 583 Leg.]

YEAS—7

Brooke	McClure	Thurmond
Curtis	Scott,	
Helms	William L.	
Javits		

NAYS—70

Allen	Griffin	Nunn
Baker	Hansen	Packwood
Bayh	Hart, Gary	Pastore
Beall	Haskell	Pearson
Biden	Hathaway	Percy
Bumpers	Hollings	Proxmire
Burdick	Hruska	Randolph
Byrd, Robert C.	Huddleston	Ribicoff
Case	Jackson	Roth
Chiles	Johnston	Schweiker
Church	Laxalt	Scott, Hugh
Clark	Leahy	Stafford
Cranston	Long	Stennis
Culver	Magnuson	Stevens
Domenici	Mansfield	Stevenson
Durkin	Mathias	Stone
Eagleton	McClellan	Taft
Eastland	McGee	Talmadge
Fannin	McGovern	Tower
Fong	Metcalf	Weicker
Ford	Morgan	Williams
Glenn	Moss	Young
Goldwater	Muskie	
Gravel	Nelson	

NOT VOTING—23

Abourezk	Bentsen	Byrd,
Bartlett	Brock	Harry F., Jr.
Bellmon	Buckley	Cannon
Dole	Humphrey	Montoya
Garn	Inouye	Pell
Hart, Philip A.	Kennedy	Sparkman
Hartke	McIntyre	Symington
Hatfield	Mondale	Tunney

So Mr. MCCLURE's amendment was rejected.

Mr. LONG. Mr. President, I ask for the yeas and nays on the Fannin amendment, which is the pending amendment.

The PRESIDING OFFICER (Mr. DOMENICI). Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. LONG. Mr. President, I ask unanimous consent that this next rollcall be a 10-minute rollcall.

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

Mr. CHURCH. Mr. President, will the Senator yield to me?

Mr. LONG. Mr. President, I ask unanimous consent that I yield to the Senator.

RECLAMATION AUTHORIZATIONS ACT OF 1976

Mr. CHURCH. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 3283.

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 3283) to authorize the Secretary of the Interior to construct, operate, and maintain the Oroville-Tonasket unit extension, Okanogan-Similkameen division, Chief Joseph dam project, Washington, and for other purposes.

(The amendment of the House is printed in the RECORD of August 26, 1976.)

Mr. CHURCH. Mr. President, the effect of the House amendments is to change S. 3283 from a bill authorizing a single reclamation project to an "omnibus" reclamation authorization bill including the original Oroville-Tonasket project which was approved by the Senate on August 6, 1976, and six other reclamation project authorizations.

I wish to stress that a Senate companion measure for each of these project authorizations has been carefully considered by the Subcommittee on Energy Research and Water Resources of the Senate Interior and Insular Affairs Committee. Each has been the subject of public hearings, and each has been considered by the full committee and unanimously reported to the floor of the Senate. Five of the seven authorizations have already received full Senate approval and have been forwarded to the House of Representatives.

The House version of S. 3283 contains seven titles. Five of these encompass projects which have already been approved in individual Senate bills as follows:

Title I, the Kanopolis Unit, Kansas, was approved as S. 1821 on September 7;

Title II, the Oroville-Tonasket project, Washington, which was the original subject of S. 3283 as it passed the Senate on August 6;

Title III, the Uintah Unit, Utah, which was considered by the Senate as S. 3395 when it passed the Senate on August 26;

Title VI, the repair of the Leadville

Tunnel, Colorado, was approved as S. 3394 on August 25; and

Title VII, the McGee Creek project, Oklahoma, which was considered and approved by the Senate as S. 2194 on September 7.

The other two titles involve projects which would be authorized by measures reported favorably by the Senate Interior Committee on September 10, and which are presently pending on the Senate calendar. They are:

Title IV, the American Canal extension, Texas, which corresponds to S. 3712; and

Title V, the Allen Camp project, California, as proposed in S. 3727.

Mr. President, the House amendments are not substantially different from the respective companion Senate measures as reported to the floor by the Senate Interior and Insular Affairs Committee.

I have discussed these amendments with the chairman of the committee (Mr. JACKSON) who was an original sponsor of S. 3283, and in light of full committee approval of companion measures, he is amenable to their acceptance. They have also been cleared with Senator FANNIN, the ranking minority member.

The amount authorized by the House version is identical to that which would be authorized by the Senate companion measures. I ask unanimous consent that a tabulation of the projects and the authorized amounts be included in the RECORD following the conclusion of my remarks.

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

(See exhibit 1).

Mr. CHURCH. I would like to take a moment to thank the staff of the Subcommittee on Energy Research and Water Resources whose professional advice was invaluable during the many hours of public hearings which established the need for this important legislation especially Mr. Russell R. Brown, professional staff member of the subcommittee.

Mr. President, these projects are of vital interest to the local citizens who would be directly affected by them, and to the Nation as well.

So, Mr. President, with the concurrence of the leadership and the ranking members of the committee on both sides, I move that the Senate concur in the amendments of the House to S. 3283.

EXHIBIT 1

Authorized expenditures as contained in the House version of S. 3283

[Amount authorized in dollars]

Title I, Kanopolis Unit, Kansas	30,900,000
Title II, Oroville-Tonasket Unit, Washington	39,370,000
Title III, Uintah Unit, Utah	90,247,000
Title IV, American Canal Extension, Texas	21,714,000
Title V, Allen Camp Unit, California	64,220,000
Title VI, Leadville Mine Drainage Tunnel, Colorado	2,750,000
Title VII, McGee Creek project, Oklahoma	83,239,000
Total	332,440,000

Mr. JACKSON. Mr. President, I rise in strong support of the motion by the distinguished Senator from Idaho (Mr. CHURCH) that the Senate accept the amendments by the House to S. 3283, which authorizes the Oroville-Tonasket reclamation project in Washington State.

Mr. President, the language in the House version of S. 3283 which authorizes the Oroville-Tonasket project is identical to that in the original Senate version. The House action has been a consolidation of several separate authorization bills into one package and is virtually identical to the corresponding Senate versions.

In regard to the Oroville-Tonasket project, I am personally familiar with the area and the farmland that would benefit from its construction. It was my privilege to chair the hearings when local supporters presented testimony to the Congress urging authorization of the project. I can say without qualification that this is a good project and that benefits would accrue nationwide.

I would like to thank the chairman of the subcommittee (Mr. CHURCH) for his strong efforts in insuring that the Senate is prepared to act on S. 3283.

Mr. President, approval of the House version of S. 3283 by the Senate will send the measure to the White House for signature into law. I urge the entire Senate to concur in the motion of the distinguished subcommittee chairman (Mr. CHURCH).

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Idaho.

The motion was agreed to.

Mr. JACKSON. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. CHURCH. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

STATE AND LOCAL FISCAL ASSISTANCE AMENDMENTS OF 1976

The Senate continued with the consideration of the bill (H.R. 13367) to extend and amend the State and Local Fiscal Assistance Act of 1972, and for other purposes.

The PRESIDING OFFICER. The question now is on agreeing to the amendment of the Senator from Arizona (Mr. FANNIN). The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from South Dakota (Mr. ABOUREZK), the Senator from Texas (Mr. BENTSEN), the Senator from Virginia (Mr. HARRY F. BYRD, JR.), the Senator from Nevada (Mr. CANNON), the Senator from Michigan (Mr. PHILIP A. HART), the Senator from Indiana (Mr. HARTKE), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Vermont (Mr. LEAHY), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Minnesota (Mr. MONDALE), the Senator from Rhode Island (Mr. PELL), the Senator from Alabama (Mr. SPARKMAN), the Senator from Missouri (Mr. SYMINGTON), and the Senator from California (Mr. TUNNEY) are necessarily absent.

I further announce that the Senator from Minnesota (Mr. HUMPHREY) and the Senator from Hawaii (Mr. INOUYE) are absent on official business.

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

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BARTLETT), the Senator from Oklahoma (Mr. BELLMON), the Senator from Tennessee (Mr. BROCK), the Senator from New York (Mr. BUCKLEY), the Senator from Kansas (Mr. DOLE), the Senator from Utah (Mr. GARN), and the Senator from Oregon (Mr. HATFIELD) are necessarily absent.

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

The result was announced—yeas 15, nays 62, as follows:

[Rollcall Vote No. 584 Leg.]

YEAS—15

Curtis	Laxalt	Tower
Fannin	McClellan	Young
Goldwater	McClure	
Griffin	Morgan	
Hansen	Scott, William L.	
Helms	Thurmond	
Hruska		

NAYS—62

Allen	Glenn	Nunn
Baker	Gravel	Packwood
Bayh	Hart, Gary	Pastore
Beall	Haskell	Pearson
Biden	Hathaway	Percy
Brooke	Hollings	Proxmire
Bumpers	Huddleston	Randolph
Burdick	Jackson	Ribicoff
Byrd, Robert C.	Javits	Roth
Case	Johnston	Schweiker
Chiles	Long	Scott, Hugh
Church	Magnuson	Stafford
Clark	Mansfield	Stennis
Cranston	Mathias	Stevens
Culver	McGee	Stevenson
Domenici	McGovern	Stone
Durkin	Metcalf	Taft
Eagleton	Montoya	Talmadge
Eastland	Moss	Weicker
Fong	Muskie	Williams
Ford	Nelson	

NOT VOTING—23

Abourezk	Cannon	Kennedy
Bartlett	Dole	Leahy
Bellmon	Garn	McIntyre
Bentsen	Hart, Philip A.	Mondale
Brock	Hartke	Pell
Buckley	Hatfield	Sparkman
Byrd, Harry F., Jr.	Humphrey	Symington
	Inouye	Tunney

So Mr. FANNIN's amendment was rejected.

(Later the following occurred:)

Mr. CHURCH. Mr. President, I ask unanimous consent that on the last vote, which I mistakenly cast in the affirmative, my vote be recorded as in the negative.

The VICE PRESIDENT. Without objection, it is so ordered.

(The foregoing rollcall vote reflects the above order.)

The VICE PRESIDENT. The Senator from Connecticut.

UP AMENDMENT NO. 445

Mr. WEICKER. Mr. President, I have an amendment at the desk, in which I am joined by Senators BROOKE, JAVITS, HUMPHREY, ROTH, and RIBICOFF. I ask

that the amendment be immediately considered.

The VICE PRESIDENT. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Connecticut (Mr. WEICKER), for himself and others, proposes an unprinted amendment No. 445:

Mr. WEICKER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The VICE PRESIDENT. Without objection, it is so ordered.

The amendment is as follows:

On page 64, between lines 12 and 13, insert the following:

"(2) the distributional effects of the allocation formulas established by this Act, as well as the distributional effects of possible alternative formulas, including an analysis of the distributional effects of an allocation formula based in part upon differentials in the cost of living among the various regions of the country;

"(3) the technical feasibility of developing alternate measurements of the economic needs of state and local governments, and the potential use of such measurements as formula factors in the allocation of federal funds;"

On page 64, line 13, strike "(2)", and insert in lieu thereof, "(4)";

On page 64, line 19, strike "(3)", and insert in lieu thereof, "(5)";

On page 64, line 23, strike "(4)", and insert in lieu thereof, "(6)";

On page 65, line 1, strike "(5)", and insert in lieu thereof, "(7)";

On page 65, line 4, strike "(6)", and insert in lieu thereof, "(8)".

Mr. WEICKER. Mr. President, we have before us today a bill to continue revenue sharing entitlements for the next 5 years. I have been and continue to be a strong supporter of revenue sharing. It is a unique concept which combines the Federal Government's tax collecting ability with the expenditures being made by those State and local officials closest to the problem.

I would in no way propose to change this concept.

However, after reviewing the revenue-sharing process, I find one deficiency: the statistics. I see an ever increasing need for new data which can tell Congress more about the makeup of this country. We need to know more about the cost-of-living variables across the country and the different regional characteristics of our country's poor. We also need to know more about the economic needs of our State and local governments—particularly whether the tools for measuring these needs are accurate and whether the data provided is fairly applied.

This is the purpose of the amendment which is offered today. It would direct the National Commission on Revenue Sharing and Federalism to study the current allocation formulas under revenue sharing and report the distributional effects of these and possible alternative formulas after taking into account factors, such as cost of living.

In addition, the amendment would require that the Commission study the current methods of allocating Federal funds to State and local governments giving particular emphasis to the manner in which the needs of State and local governments are measured.

Mr. President, the socioeconomic makeup of this Nation is constantly changing. We need to know whether the current formulas reflect these changes.

Twenty years ago—even 10 years ago—there were valid reasons for distributing Federal money to what were then economically disadvantaged States of our Nation because we are as strong as our separate regions. There were and still are valid and necessary reasons for maintaining a Federal focus on regions of the country like Appalachia.

However, today, we must reexamine these programs to determine whether, in fact, those programs which were instituted to help the economically disadvantaged States are working to the detriment of States like my own State of Connecticut, and whether Federal assistance is flowing to States which no longer need this help.

Frankly, I look at recent statistics developed by both government and private organizations and I do not like what I see. My State of Connecticut carries the highest Federal tax burden in the Nation. On a per capita basis, it has been established that a citizen of Connecticut pays $1,800 per year in Federal taxes. That is $400 more per capita than the national average of $1,400.

Worse yet, for every dollar Connecticut pays in Federal taxes, it receives back 92 cents from the Federal Government, while some States receive as much as $2.60 back for every tax dollar sent to Washington. Connecticut is not alone in this regard. For it enjoys the unhappy company of States like New York, Delaware, Minnesota, Illinois, Massachusetts, Ohio, Michigan, and Oregon—to name a few.

For the last 15 years, Connecticut, along with others, now labeled "mature industrial States," has suffered deteriorating cities high unemployment, high energy costs, and loss of skilled young workers.

These factors have had a spiraling effect on State and local government. They have eroded the tax base so severely as to force a choice between raising taxes to impossible levels or cutting services so drastically as to diminish the quality of life. The "Catch 22" in this is that whichever route is taken, the cost of living and the real costs of State and local government will continue to rise at a rate higher than the national average. For instance, according to the most recent data available, what $1 will buy nationally, costs $1.03 in Connecticut, 91 cents in Georgia.

Recent studies have reinforced the belief that the problems of Connecticut and those other States which make up our mature industrial States are not cyclical—but, are structural in nature. Connecticut was suffering an 8.9-percent unemployment rate as early as 1971, 2 years before the current national recession began. Today, as unemployment nationally has dropped to 7.9 percent—unemployment in Connecticut hovers around 10 percent—a rate which is unacceptable for any State to suffer.

Yet, as I look at the recent studies on Federal funds transfers, the Federal moneys are not flowing to States like Connecticut which need it most, but rather from Connecticut to States which, in comparison, are experiencing relatively low-unemployment, high-capital growth rates and general increases in the quality of life.

The studies are numerous, but none is complete. Therefore, we cannot hold up this important legislation in anticipation of finding the right formula adjustment overnight. That will not happen.

Instead, we need a governmental organization, like the Commission to examine these formulas from the standpoint of need, to determine if current formulas accurately reflect the needs of our State and local governments and equitably distribute Federal funds among the several States. We need the Commission to put the mass of reference material together in a single document for us to study and work from in the future.

If we do find that the allocation formulas discriminate against individual regions of this country, then we must work together to equalize the burden. The continuance of this trend would create a permanent, structural, economic imbalance which spells fiscal crisis for my State of Connecticut and others for years to come. Stretching from Minnesota, and Illinois, all the way east to Connecticut, New York, New Jersey, and Delaware, we will have a new Appalachia on our hands.

I have discussed the amendment with the joint committee staff and Senator HATHAWAY and it seems to be acceptable to him.

Mr. LONG. Did the Senator say he had discussed it with Senator HATHAWAY?

Mr. WEICKER. We have discussed it with Senator HATHAWAY and it seems to be acceptable to him.

Mr. LONG. With the assurance that this is acceptable to Senator HATHAWAY, I would be willing to accept the amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. FANNIN. Mr. President, I ask unanimous consent that Linda Gould, of Senator HANSEN's office, be granted the privilege of the floor during the consideration of this bill.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. STONE. Mr. President, I ask unanimous consent that Alison Wiley, of my staff, be granted the privilege of the floor during the consideration of this bill.

The VICE PRESIDENT. Without objection, it is so ordered.

UP AMENDMENT NO. 446

Mr. BIDEN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The VICE PRESIDENT. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Delaware (Mr. BIDEN) proposes an unprinted amendment No. 446.

The amendment is as follows:

On page 69, after line 15, add the following new section:

SEC. 13. RELATIONSHIP TO THE BUDGET

PROCESS.—Notwithstanding any other provision of this Act or the State and Local Fiscal Assistance Act of 1972—

(1) if the amounts appropriated under the State and Local Fiscal Assistance Act of 1972 as amended by this Act are less than the amounts authorized under section 105 of such Act, for any period beginning on or after October 1, 1978, then the allocation to each State as provided in section 106 of such Act shall be reduced proportionately;

(2) appropriations for payments into the Trust Fund are authorized to be included in any appropriation Act for the fiscal year preceding the fiscal year for which such appropriations are available; and

(3) appropriations made as authorized under paragraph (2) for any period beginning on or after October 1, 1978, shall be deemed, for purposes of title III of the Congressional Budget Act of 1974 and for only such purposes, to have become available during the preceding fiscal year.

Mr. LONG. Does the Senator desire the yeas and nays on the amendment?

Mr. BIDEN. Yes.

The VICE PRESIDENT. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. LONG. Mr. President, I ask unanimous consent that all future votes be 10-minute votes.

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

Mr. BIDEN. Mr. President, I ask unanimous consent that Dick Andrews of the Budget Committee staff and Lee Lockwood of the Intergovernmental Relations staff, be granted the privileges of the floor during the consideration of this amendment and any further amendments on this bill.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. BIDEN. Mr. President, I will be fairly brief for the benefit of my colleagues who do not know whether or not to go back to their offices. I do not expect this debate to take more than 10 or 20 minutes on the outside. The subject matter of my amendment, Mr. President, has been argued in the past, both in committee and, as I understand it, before I got here in 1972 when revenue sharing was first brought up, or at least at that point.

The amendment I am submitting today, Mr. President, is intended to restore what I would consider some budgetary control over revenue sharing. It is not offered in opposition to revenue sharing. It is offered as an opportunity to take a step toward what I would deem to be a more controlled and balanced budget process.

My amendment deletes those provisions in the committee amendment that establish revenue sharing as an entitlement to the States and localities. It provides that the funds to be made available, after the 1978 fiscal year, shall be subject to the appropriations process that is an essential part of congressional budget control. The funding to be made available for revenue sharing, after 1978, would be subject to review and competition with all other Federal programs for which funds are appropriated annually. However, in order to permit advance planning by the recipient State and local governments, the amendment does permit 1 year forward funding, much as we now have for elementary and secondary education programs.

The maximum dollar amounts authorized in my amendment are the same as those authorized in the Finance Committee amendment. The number of years for which the revenue sharing program is authorized is the same as in the Finance Committee amendment. But, after 1978, the exact amount to be appropriated will be decided year by year by the Congress.

Let me also say that I would not expect Congress to appropriate significantly less than the amounts authorized, except in extraordinary conditions. What is most important is that it will give us control over marginal decisions on expansion of budget programs.

The State and Local Fiscal Assistance Act of 1972, better known as the Revenue Sharing Act, expires on December 31, 1976. Under this act, nearly $30 billion will have been distributed by the end of 1976 to over 38,000 units of State and local governments. No matter how you look at it, this amount of money makes the existence of revenue sharing a fact. The only responsible course is to search for some way of extending it that will prevent fiscal hardship to our State and local governments and their citizens, while achieving our national goals and priorities.

I am not one of those who believes that the revenue sharing experiment, begun in 1972, has been a complete success. In many instances, I believe it has placed money in the wrong places, at the wrong times, and for the wrong purposes. While it has increased the Federal deficit by $30 billion, even this amount was not enough to stabilize the financial condition of our State and local governments, partly, at least, because the money was not targeted to the problems, in my opinion. When a recession came, we found that a special form of countercyclical revenue sharing was necessary to keep our State and local governments going.

For these reasons, I am deeply concerned that the bill reported by the Finance Committee does not really require a true, periodic fiscal review of this major Federal program. It does not permit annual review of the effectiveness with which the money is used. While it calls for an annual appropriation, in reality it makes the payment an entitlement of State and local governments. Thus, the appropriation is mandatory and could be enforced in a court.

In order words, if the Federal Government decided not to distribute a State's share of revenue sharing, that State could go to court and show evidence that they are entitled to it, and the court could force Congress to appropriate it. That is an appearance of fiscal control, but not real fiscal control.

I am disturbed that the proponents of revenue sharing—many of whom share with me a sincere concern for Federal fiscal responsibility—would have us now, in 1976, commit ourselves to the distribution of $42 billion from the Federal Treasury to State and local governments between now and 1982. What will this do to our often repeated promises to balance the budget in 1980 or 1981? The answer is that no one knows or can know at this time.

The recently enacted Congressional Budget Act set up the machinery for responsible congressional budget action—and now this bill proposes to weaken it. It is said that money must be committed years ahead to permit good financial planning by State and local governments. But what does that do to Federal financial planning?

As a member of the Budget Committee, I am becoming increasingly concerned about spending programs that tie our hands for many years to come. Our new budget process has been effective in curbing large new Federal spending programs. To continue to be effective, we must have the ability to examine our existing priorities and the use of our fiscal resources. In other words, if we are to balance the budget, we must find the most effective and useful purposes for which our limited resources may be spent.

Now that the budget process has aged a little, we can see ahead a bit, and it is clear that one real problem, to which there is no easy answer, is how to control the uncontrollables. The so-called uncontrollable expenditures—of which revenue sharing is one—have become so large that it is not meaningful to talk about budget control and fiscal responsibility unless the uncontrollables can become subject to annual scrutiny. Uncontrollable outlays are now more than 75 percent of the budget, or about $300 billion. Balancing a budget does not take magic. All it takes is hard work and something to work with. But if we persist in limiting our own ability to control the budget, even magic will not work to do the job.

I believe that the Federal Government has a responsibility to assist State and local governments in cooperative efforts to achieve national goals of benefit to all our people. To the extent that we freeze for almost 6 years the amounts of Federal revenue sharing funds, we may limit the growth of future assistance for other programs such as health care and research, education, or housing. Federal aid programs are now at about $71 billion, or about 17 percent of the budget. We have pledged ourselves to balance the Federal budget over the next few years. To do so may require some difficult decisions on the part of the Congress, as well as State and local officials.

As we review the financial condition of the Federal Government and its ability to provide financial assistance to other units, we will be doing no one a favor by tying ourselves so tightly to this one program, possibly at the expense of other important national programs that are appropriated annually, that we will not be able to move with any flexibility, or with little flexibility.

I am sure that every Member of this body has expressed his concern about our economic recovery, about unemployment, about inflation. I know I have. Can anyone say, at this time, what future impacts on unemployment and inflation will result from this massive commitment to spend billions of dollars for revenue sharing?

In its recent report on the second concurrent resolution, the Budget Committee noted the challenge to budgetary and fiscal policy "to maintain a fiscal stimulus which will hold the economy in a moderate, steady and prolonged recovery until 1980." It warns that "excessive Federal spending" will result in "either a heavier tax burden or more inflation, accompanied by the "crowding out" of needed private investment." It says further that achieving economic health:

will require both patience and flexibility because the stimulus will have to be adjusted. . . . Success will require both budgetary discipline for permanent programs and budgetary imagination . . . in using temporary fiscal measures.

Where the discipline, the imagination, the patience, or the flexibility in committing ourselves in one afternoon to spending $42 billion?

We talk about programs for economic recovery. We talk about programs to curb inflation. But we keep right on tying ourselves to long-term spending programs with no way of knowing whether their ultimate economic impact will be good or bad, whether it will be expansionary or have a recessionary impact.

Whether we favor big budgets or small budgets, more spending or less spending, large government or small government, we all know that control of our budgets, control of our spending, control of our Government is one key to helping guide our economy, our employment, our inflation. Today we propose to throw away a $42 billion key to our country's economic well being.

The so-called entitlement process of funding has been described as a compromise between the normal annual authorization-appropriation process and the present revenue sharing method—direct appropriation for a multiyear period. I do not see this as a compromise. Creation of an entitlement guarantees State and local governments that the funds provided in the bill will be available. It leaves little or no discretion to future sessions of Congress about the level of Federal spending for which their Members must take responsibility. This has been described by the House Appropriations Committee as:

A dangerous and undesirable practice and counter to the philosophy of the recent efforts of Congress to strengthen legislative budget control.

The committee went on to say:

Entitlement provisions . . . make a mockery of the legislative budget . . . .

In fact, I believe that the House Appropriations Committee has stated the case for my amendment very well, and I ask unanimous consent that the text of a portion of the report of the committee on Appropriations of the House of Representatives be printed in the RECORD.

There being no objection, the excerpt from the report (H. Rept. No. 94-1165, pt. 3) was ordered to be printed in the RECORD, as follows:

CONCERN OF THE COMMITTEE ABOUT ENTITLEMENT PROGRAMS

The Committee is extremely concerned about the entitlement provisions of H.R. 13367. By definition an "entitlement program" allows a recipient, in this case state and local units of government, more or less automatic claim to certain amounts of money, in the case of revenue sharing some $24.9 billion over three and three quarter years. The Committee considers this to be a dangerous and undesirable practice and counter to the philosophy of the recent efforts of Congress to strengthen legislative budget control.

Entitlement provisions, such as contained in H.R. 13367, make a mockery of the legislative budget and the appropriations process. The Congress is placed in the position of having absolutely no choice but to make an appropriation for entitlement programs even though the basic legislation technically might contain an authorization for appropriations. This results because if the Congress did not make such an appropriation then it could conceivably be subject to a judgment issued by the courts. This approach removes such entitlement programs from any effective annual fiscal control by the Congress.

Why is this important? And why does it matter that the Congress follow the orderly fiscal process of periodic executive and legislative review associated with the authorization and appropriation process?

By providing for a regular appropriation and not an entitlement, the Congress has an opportunity to make a choice about budget decisions, to arrange priorities in the way that best fits the needs of the country at the time, and to achieve greater fiscal stability.

If revenue sharing is turned into an entitlement program, some $24.9 billion is added to the uncontrollable columns of the budget and any flexibility that the Congress might otherwise have is thereby forfeited. This is a dangerous practice and is not justified in view of the new budget procedures the Congress has recently adopted. Already about 75% of total expenditures in a given fiscal year are classified as uncontrollable under existing law.

It is not a question of whether the Congress is for or against revenue sharing, but rather whether or not the Congress will proceed in a responsible fiscal manner. Such entitlement provisions and other financing devices which circumvent the regular process must be rejected if the Congress is to honor its stated objective of achieving better legislative budget control.

Mr. BIDEN. I want to note at this point that many groups that favor revenue sharing also favor making it subject to the appropriations process.

There is a report titled "General Revenue Sharing—The Case for Reform," prepared under the auspices of the League of Women Voters Education Fund, the National Urban Coalition, the Center of Community Change, and the Center for National Policy Review. This report recommends use of the appropriations process—although with a longer forward funding time than I propose.

The Ad Hoc Committee on General Revenue Sharing Reform has also taken a position on this matter. This ad hoc committee has been convened by 25 organizations, and I ask unanimous consent that the names of these organizations be printed in the RECORD.

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

Amalgamated Clothing Workers of America.
Amalgamated Meat Cutters and Butcher Workmen of North America—AFL-CIO.
Americans for Democratic Action.
Americans for Indian Opportunity.
American Jewish Committee.
Center for Community Change.
Center for National Policy Review.
Common Cause.
Friends' Committee on National Legislation.
International Ladies' Garment Workers Union.
League of Women Voters of the U.S.
Movement for Economic Justice.
National Association of Social Workers.
National Center for Urban Ethnic Affairs.
National Congress of Hispanic American Citizens.
National Council of Churches.
National Council of Jewish Women.
National Council of LaRaza.
National Council of Negro Women.
National Council on the Aging.
National Organization for Women.
National Urban League, Inc.
Southern Regional Council.
United Auto Workers International Union.
United Steelworkers of America.

Mr. BIDEN. In a memorandum transmitted on September 3, 1976, this ad hoc committee stated under the heading, "Entitlement Against Advanced Funding":

General Revenue Sharing should be subject to the same kind of periodic review and analyses which Congress regularly conducts for other legislation, and it should be subject to the regular appropriations and budget process.

While I recognize that our system of Government depends upon fiscally sound State and local units, it also depends upon fiscal soundness at the Federal level. For this reason, I believe that one essential element in extending any form of revenue sharing should be its inclusion in the annual budgetary and appropriations process. Who, at this point, would dare to predict, over the next several years, whether the fiscal problems of the Federal Government will be more or less than those of State and local governments? This is a decision that must be made as we go along, through the appropriations process. Our constituents who want fiscal integrity at the Federal level will settle for nothing less.

For these reasons, my amendment would eliminate the "right" of State and local governments to a fixed sum each year. It would require an annual review of the needs of State and local governments, as well as what the Federal Government can afford before the funds would have to be appropriated. To permit better fiscal planning for other governments, it permits appropriations a year in advance. But it does not create a permanent right to the money.

Mr. President, in conclusion, I point out that the thrust of Congress has been over at least in the last year of the 4 years that I have been here to tighten up budgetary controls and to move in the direction of what we all call fiscal responsibility.

Along these lines, we have not only had the new Budget Act and the new Budget Committees created, which I think are working well, but we had introduced into this body several pieces of legislation which have come to be referred to as sunset legislation.

A year and a half ago I introduced the first such piece of legislation in this body and at that time both my liberal and conservative friends were a bit concerned that we would require that the bureaucracy be accountable to us every 4 years

on a basis they have not been to date, that is, that every 4 years in my bill—I realize subsequent bills have changed that time—but in my bill their programs would go out of existence unless we affirmatively voted them back into existence, to put it in a nutshell. Since then it has gotten a good deal of credibility and credence, both in academic and political circles.

Men of more stature than I have come forward and introduced very similar bills and have gotten a good deal of support. Congress and both Presidential candidates running this year are talking about the need for us to control, to control what we are doing, to make sure that we are fiscally responsible. We say we are going to do that, and we say we are going to bring things under control until we get approached by a very, very formidable force, that is, those 39,000 or so local government agencies that have mayors, State senators and congressmen, Governors, and city councilmen who come before us and say, "Hey, look, Federal Government, we want you to continue to help us. We are Democrats and Republicans. We have joined arms together, and we want to make sure that this Federal revenue-sharing program is locked in. We want it locked in tight, and we want it locked in tightly for the next 5 years because we don't want to have to climb up this hill every year."

That is the same hill that we a year and a half ago said we did not want to make agencies climb up.

That was the objection to my sunset legislation. They did not want to make the agencies climb that hill every 4 years. It was too much trouble.

But now everyone is saying: "Hey, let us make the Federal bureaucracy climb that hill and justify their existence."

Why are State governments any different? Why are local governments any different?

I have, since I have been in the Senate, voted for more money into cities, States, and local units of government where they need our help. But I do not want us to tie in now, to tie in 5 years in advance when at the same time we are saying to the American people: "Hey, look, we are going to balance your budget 5 years out, and we know it will be difficult at best." At least those on the Budget Committee, Finance Committee, and the Appropriations Committee have been looking at it.

If we are going to be lucky, in 5 years we can do that.

So it seems to me that this runs counter to the entire move in this country and this Congress, and I suspect the reason it runs counter to that movement is because there is a very strong counterforce, both Democratic and Republican, at the local levels, which is saying: "We want it now. We want to be assured now."

I have been told by the people in my State, Democrats as well as Republicans, at the local level that "BIDEN, this is going to hurt you a great deal at home. We don't like it a bit."

Every mayor, every local official, and all the State officials called me and told me: "BIDEN, you will have a problem if you keep persisting in this."

Well, I will tell you what. We are going to have a problem at the Federal level if we do not persist in this because we are now moving State and local governments in a position where they can balance their budget, reduce taxes, and talk about being fiscally responsible. There are notable exceptions, Mr. President, I realize, that we must come to aid, as the present Presiding Officer knows, that I supported in States that have gotten in serious trouble. But I do not like the idea of us now committing 5 years in advance when in fact we say we are stopping that kind of foolishness.

That was a long conclusion, Mr. President, and now it is concluded. I yield the floor.

Mr. PACKWOOD. Mr. President, in response to the junior Senator from Delaware, let me add that the three specific groups that he mentioned did testify in opposition to perpetual revenue sharing. It is not perpetual. It is 5¾ years and it terminates. They testified against it not because they are unhappy with the way local governments accounted for the money. They testified against it because they do not like the way local governments spend it. It is very clear when one reads their questions and answers that that is their objection.

In the polls that have been taken, asking local people "How would you like your revenue sharing money spent?", law enforcement ran first, education second, and then depending on the area, different items third and fourth.

How is revenue sharing spent? The first 24 percent on law enforcement, the second 22 percent on education, and the rest of it trails off according to the area that they are from and upon what may be the particular priority of that area.

Revenue-sharing money is spent exactly as the local citizens want it spent.

These groups that came and testified do not want it spent that way. In their mind, we are not taking into account the right priorities.

The Senator from Delaware made reference, and I think I am quoting correctly, that local governments often spend the money at the wrong time in the wrong place and on the wrong priorities, I might add "as we see them."

There is nothing wrong with the way the revenue-sharing program has worked in the past. Next year, if this bill passes, the local governments will get $6.65 to $6.85 billion depending upon where the House of Representatives and the Senate compromise their difference, and after that each year, if they are lucky, they will get an additional $200 million increase if the full Senate position is maintained.

What that means is that every year, even if inflation is 4 percent, local governments will fall behind in the percentage of money they get because $200 million will not keep up with 4-percent inflation.

There is only one justifiable reason for anyone in this body to vote against revenue sharing, and that is if that Senator thinks that he so knows the priorities of this Nation, all over this Nation, not nationwide priorities—let me emphasize—the priorities all over this Nation. And we are going to dictate them from here. We are going to make local governments come and be subject to an annual budgeting process because we make the other departments of the Federal Government do it.

We are not satisfied that every local government has to go through a budget law and every State legislature meets and has committee meetings, and every one of those officials has to run for office. This is not enough of an accounting. Now, we are going to bring them here in addition.

I am saying that if this pittance that we give to local government, and it is a pittance in comparison to the $412 billion Federal budget next year, cannot be spent without our supervision, cannot be spent without requiring every city, township, county, and State to come here every year and justify how they are spending the money, then there is no point in our giving them the money at all. We might as well go back to the grant system. We might as well dissolve the federal system. We might as well say that local governments are not worth the powder to blow them up because they cannot be trusted. They spend the money at the wrong time, at the wrong place, on the wrong priorities.

I urge the defeat of the amendment.

Mr. BIDEN. Mr. President, I have the greatest respect for the distinguished Senator from Oregon. He is one of the most skillful debaters in the U.S. Senate, as he has just demonstrated.

He has made a very moving statement that was completely nonresponsive to my amendment. The amendment speaks to the budgetary process, to which this bill, if passed as is, would not be subject.

Granted, there are those who feel strongly that the Federal Government should have more control over the expenditure of the revenue-sharing funds and who do not trust the local governments.

Mr. LONG. Mr. President, will the Senator yield at that point?

Mr. BIDEN. If I can just finish my thought, I will be happy to yield.

The issue is this—and I ask the question of the Senator from Oregon either now or later, whenever it is most convenient for him to answer: Whether or not he thinks it is wise fiscal policy to have $42 billion to committed 5¾ years out, when we do not know what our revenues will be 5¾ years out, and when we do not know what the state of the economy will be 5¾ years out, and we do not know what the mood of this country will be. Is that wise budgetary process?

Mr. LONG. Mr. President, I ask unanimous consent that further debate on the amendment be limited to 10 minutes, to be equally divided.

Mr. BIDEN. That is fine with me.

Mr. PACKWOOD. It is fine with me.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. PACKWOOD. The answer is "Yes." [Laughter.]

Mr. BIDEN. The answer is "Yes." Clearly, the lines are drawn. Those who think it is wise policy, from a budgetary standpoint, to commit "pittances" of $42 billion over the next 5 years should vote against my amendment and go back and tell their constituency that they think it is good planning to commit small "pittances" of $42 billion 5¾ years out. I will be happy to go to their States and help them convince their voters that that is a good reason to support you—I say "you" in an editorial sense—as a fiscally responsible U.S. Senator.

I have now been in 38 States, campaigning for one of the Presidential contenders, and I have had occasion to run across various people running for various offices in the various parties, and everybody is a fiscal conservative. I have not found one yet who is not. That is funny. I have not found anybody who is not a fiscal conservative.

Everybody wants to tighten up the process, and everybody wants to make sure that we balance the budget. We even have some in both political parties who are telling the people that the budget should be balanced now, which is totally outrageous. It is not capable of being done. But they all say it will be balanced by 1980.

Every year, the President sends up his budget. Either President Ford or President Carter, whoever it may be, will send his budget to the Appropriations Committees and other committees next year, in the beginning of the year; and we will all talk about how it is too big, the deficits are too big, and we will not listen to the chairman of the Appropriations Committee or others who say, "We should note, ladies and gentlemen, that over $300 billion of that budget you are telling us to cut cannot be touched." By law, it is committed. We cannot do a thing with it, not at all. Our taxpayers should know that. We committed it before—the other day, last year, 2 years ago, 5 years ago.

Really, what we are talking about is approximately 30 to 40 percent of the budget maximum that can be cut. And guess where that is—in the very programs that the Senator from Oregon and I would be concerned about most of the time, the programs that deal with the social welfare of this Nation.

We have had colleagues stand on the floor of the Senate and say that, in fairness, we must cut across the board 5 percent or we must cut across the board 10 percent. The only ones being cut are the programs for human needs and human services. It seems to me a little silly to call that good fiscal planning.

I am a little perplexed, as a member of the Budget Committee, about what we have been doing for the last year and a half. I am also perplexed as to why, all of a sudden, my legislation, the "sunset legislation"—I never called it that, but it is now being called "sunset legislation"—is receiving so much credibility and credence across the Nation.

Everybody says, "Bring the bureaucracies under control, so we will know how much we are spending." How is State government different from that? It is still the taxpayers' money that is being spent.

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

Mr. BIDEN. I yield.

Mr. McCLELLAN. Mr. President, I commend the distinguished Senator from Delaware. He is making a fight today that I made a few years ago and lost, when revenue sharing was first authorized.

I do not believe that we can ever balance the budget with equity without all programs sharing proportionately in whatever reductions have to be made to accomplish that very desirable result.

As the distinguished Senator has pointed out, we now have so much of this expenditure fixed that we cannot cut and cannot touch, that if we do cut, we will have to reduce expenditures, and we will have to do it often where it hurts the most, instead of where the burden could be and should be borne more evenly.

We can set this precedent, and we have; and we can add to this precedent some other expenditures so they cannot be cut. Where is the end of it?

There are many programs today that come under the appropriations processes which are just as worthy and just as essential as is revenue sharing. They have to come under the appropriations processes and under the Budget Committee's jurisdiction and evaluation. I do not know why this should have such preferred treatment. Perhaps it is popular politically. But it is not practical from the standpoint of sound fiscal policies of the National Government.

Mr. BIDEN. I thank the chairman very much.

The VICE PRESIDENT. The time of the Senator from Delaware has expired.

Mr. BIDEN. Mr. President, I ask unanimous consent for 1 additional minute.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. BIDEN. One thing should be noted, Mr. President: I think there is a reasonable and logical argument on the part of the States that they have to have some forward funding. That makes sense; that is necessary if we are going to have this problem.

I should note that my amendment does allow forward funding of a single year. There is 1 year out. That is sound; that makes sense. It needs that, with the time lapses and for other reasons. But 5¾ years is not the way we should be going.

Mr. FORD. Mr. President, is there any time in opposition?

The VICE PRESIDENT. The Senator from Louisiana has 5 minutes.

Mr. FORD. Mr. President, will the Senator yield me 1 minute?

Mr. LONG. I yield.

Mr. FORD. Mr. President, I understand the eloquence of the junior Senator from Delaware.

A great many Senators have worked with local communities and understand that the decisionmaking process of the Government closest to the people is the best. I think Washington finally has understood that we should not make all the decisions for the people at the local level; that we should return some of their tax money so that they can make the decisions as to what is best for their community. Three years down the pike, they can accommodate the citizens of their community. I have been there, I have seen it work, and this amendment should not be agreed to.

Mr. BIDEN. With all due respect, that is not the issue.

Mr. LONG. Mr. President, the Senator has made an eloquent argument. I do not think it is any more eloquent than the argument made by the Senator from Arkansas and those who supported the same position when we voted on this measure in 1972. Since that time, we have had experience with the act, and I believe that most of the fears people had have not been realized, on the whole. The vote will demonstrate that Senators are satisfied that this is a good program.

One of the principal arguments made for revenue sharing is that Governors, mayors, county commissioners, and even the smaller units of government, need to depend on getting a certain amount of money so they can budget it and can make their plans; there should be some certainty about it. That is basically what the issue was when we voted on the McClure amendment previously today: Do we want to let the mayors, county commissioners, Governors, and State legislators know how much they can expect with some degree of certainty so that they can count on it? I really think that most of them, if they had to, would rather settle for somewhat less money, if that eventuality should materialize, rather than have the uncertainty of not knowing—do they get the money or do they not get the money?

What the Senator's amendment would do is subject this to a process where, just because someone might have a scandal in one jurisdiction, or something of that sort, the whole program might be brought to a conclusion, or it might be reduced by half. We have supported the program and it has operated very well. I believe it is a popular program, especially with those who are implementing it and making it work. We have a minimum of Federal interference, and I hope we can keep it that way. The local and State governments are able to plan with some degree of certainty and are able to know exactly how much money they will receive in advance.

I hope, Mr. President, the Senate will stand by the decision I believe it wisely made before; that basically, local governments should be able to depend upon the amount of revenue that the Federal Government has indicated they can expect under this program. I hope very much this amendment will not be agreed to.

Mr. FANNIN. Mr. President, will the Senator yield for one moment?

Mr. LONG. Yes, I yield.

Mr. FANNIN. Mr. President, I thank the Senator.

I am very proud of the mayor of the city of Phoenix, a fine young lady who has done an outstanding service for that community. I have a letter from her which says the following:

CITY OF PHOENIX,
OFFICE OF MAYOR,
September 13, 1976.

Hon. PAUL FANNIN,
U.S. Senate, Dirksen Senate Office Building, Washington, D.C.

DEAR PAUL: I have reviewed the final product of the Finance Committee extending and revising Federal General Revenue Sharing and wish to emphasize that we are most pleased with the bill as it currently is written.

I understand that the $6.9 billion funding level will be adjusted to $6.65 billion in order to accommodate the Congressional budget target figure. I have no problem with that action provided the annual increment, now at $150 million will be increased to $200 million.

I have been advised that Senator Biden will offer an amendment which would subject General Revenue Sharing to the annual appropriations process with one year advance funding. The City of Phoenix is unalterably opposed to this amendment. Such action would be a disaster for the City's budgetary planning process. I strongly urge you to defeat the Biden amendment.

Moreover, I would urge you also to defeat any non-germane amendments to the bill. As I have repeatedly advised you, Federal General Revenue Sharing is a critical component of our budget. I trust you can support our position and wish you well this afternoon.

Sincerely,

MARGARET HANCE,
Mayor.

I have correspondence from several other cities in the State, but I thought this was certainly representative of what, perhaps, exists throughout the United States.

I thank the Senator from Louisiana for yielding.

The VICE PRESIDENT. The Senator from Louisiana has 1 minute remaining.

Mr. LONG. I yield back my time.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The yeas and nays have been ordered. 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 Virginia (Mr. HARRY F. BYRD, JR.), the Senator from Nevada (Mr. CANNON), the Senator from Michigan (Mr. PHILIP A. HART), the Senator from Indiana (Mr. HARTKE), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Vermont (Mr. LEAHY), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Rhode Island (Mr. PELL), the Senator from Alabama (Mr. SPARKMAN), the Senator from Missouri (Mr. SYMINGTON), the Senator from California (Mr. TUNNEY), the Senator from Montana (Mr. METCALF), and the Senator from Minnesota (Mr. MONDALE) are necessarily absent.

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

I further announce that, if present and voting, the Senator from New Hampshire (Mr. MCINTYRE) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BARTLETT), the Senator from Oklahoma (Mr. BELLMON), the Senator from Tennessee (Mr. BROCK), The Senator from New York (Mr. BUCKLEY), the Senator from Kansas (Mr. DOLE), the Senator from Utah (Mr. GARN), the Senator from Arizona (Mr. GOLDWATER), and the Senator from Oregon (Mr. HATFIELD) are necessarily absent.

I further announce that, if present and voting, the Senator from Arizona (Mr. GOLDWATER), and the Senator from Utah (Mr. GARN) would each vote "nay."

The result was announced—yeas 14, nays 62, as follows:

[Rollcall Vote No. 585 Leg.]

YEAS—14

Biden	Fong	Montoya
Byrd, Robert C.	Helms	Proxmire
Chiles	Hollings	Stennis
Church	Mansfield	Young
Eagleton	McClellan	

NAYS—62

Allen	Hart, Gary	Packwood
Baker	Haskell	Pastore
Bayh	Hathaway	Pearson
Beall	Hruska	Percy
Brooke	Huddleston	Randolph
Bumpers	Humphrey	Ribicoff
Burdick	Jackson	Roth
Case	Javits	Schweiker
Clark	Johnston	Scott, Hugh
Cranston	Laxalt	Scott, William L.
Culver	Long	Stafford
Curtis	Magnuson	Stevens
Domenici	Mathias	Stevenson
Durkin	McClure	Stone
Eastland	McGee	Taft
Fannin	McGovern	Talmadge
Ford	Morgan	Thurmond
Glenn	Moss	Tower
Gravel	Muskie	Weicker
Griffin	Nelson	Williams
Hansen	Nunn	

NOT VOTING—24

Abourezk	Dole	McIntyre
Bartlett	Garn	Metcalf
Bellmon	Goldwater	Mondale
Bentsen	Hart, Philip A.	Pell
Brock	Hartke	Sparkman
Buckley	Hatfield	Symington
Byrd, Harry F., Jr.	Inouye	Tunney
Cannon	Kennedy	
	Leahy	

So Mr. BIDEN's amendment was rejected.

APPOINTMENT BY THE VICE PRESIDENT

The VICE PRESIDENT. The Chair would like to make an announcement. In accordance with Public Law 94-399, appoints the following Senators to the Temporary Commission on Financial Oversight of the District of Columbia: the Senator from Missouri (Mr. EAGLETON), the Senator from Florida (Mr. CHILES), and the Senator from Maryland (Mr. MATHIAS).

SEVERAL SENATORS addressed the Chair.

STATE AND LOCAL FISCAL ASSISTANCE AMENDMENTS OF 1976

The Senate continued with the consideration of the bill (H.R. 13367) to extend and amend the State and local Fiscal Assistance Act of 1972, and for other purposes.

The VICE PRESIDENT. The Senator from Arkansas.

Mr. FANNIN. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. BUMPERS. I yield.

Mr. FANNIN. Mr. President, I ask unanimous consent that Mr. Steve Entin of Senator TAFT's staff be given floor privileges during the voting and consideration of the present bill.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. FANNIN. I thank the Chair and I thank the Senator from Arkansas.

UP AMENDMENT NO. 447

Mr. BUMPERS. Mr. President, I have an amendment at the desk which I call up at this time.

The VICE PRESIDENT. The amendment will be stated.

The second assistant legislative clerk read as follows:

The Senator from Arkansas (Mr. BUMPERS) proposes an unprinted amendment No. 447.

Mr. BUMPERS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The VICE PRESIDENT. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the committee amendment, insert the following:

"Section 108(d)(1) (defining 'unit of local government') is amended by adding at the end thereof the following:

"'Such term also means a suburban improvement district organized under the laws of Arkansas: *Provided, however,* That such district must impose taxes or receive intergovernmental transfers for substantial performance of at least two of the following governmental services: (A) police protection; (B) courts and corrections; (C) fire protection; (D) health services; (E) social services for the poor or aged; (F) public recreation; (G) public libraries; (H) zoning or land use planning; (I) sewerage disposal or water supply; (J) solid waste disposal; (K) pollution abatement; (L) road or street construction and maintenance; (M) mass transportation; and (N) education: *And provided further,* That at least ten per centum of a district's total expenditures (exclusive of expenditures for general and financial administration and for the assessment of property) in the most recent fiscal year must have been for each of two of the public services just listed and numbered (A) through (N).'"

Mr. NELSON. Mr. President, may we have order in the Senate so that we can hear the Senator from Arkansas.

The VICE PRESIDENT. Order in the Senate, please.

Mr. BUMPERS. Mr. President, under the State and Local Fiscal Assistance Act of 1972, States and units of local governments receive general revenue-sharing payments from the United States. Section 108(d)(1) of this act, 31 U.S.C. 1277(d)(1), defines the term "unit of local government" to mean "the government of a county, municipality, township, or other unit of government below the State which is a unit of general government (determined on the basis of the same principles as are used by the Bureau of the Census for general statistical purposes)." The term also means for certain purposes, "the recognized governing body of an Indian tribe or Alaskan native village which performs substantial governmental functions."

The rationale of this definition is clear. It was, and remains, the intention of Congress that revenue-sharing payments go only to general-purpose governments, and not to governmental or public entities that perform only one service,

or a limited range of services, for the public.

This rationale is entirely sound, and no one in either House of Congress, so far as I know, has challenged it during consideration of H.R. 13367, the bill to extend and amend the 1972 act. As passed by the House on June 10, 1976, the definition of the term "unit of local government" would be somewhat elaborated, but the same principle would be preserved. As explained on pages 10 and 11 of part I of House Report No. 94–1165, the report of the Committee on Ways and Means, some concern had been expressed before the committee that large numbers of single-purpose governmental units were qualifying as recipients under existing law. The House, therefore, clarified the existing definition by including several additional specifications. To meet the revised definition proposed by the House, a unit of local government must impose taxes or receive intergovernmental transfer payments for the substantial performance of at least two services for its citizens from among the several commonly provided municipal services listed in the bill. In addition, a local unit would have to spend at least 10 percent of its total expenditures in the most recent fiscal year for each of two such services. This additional requirement would not apply to a local unit that performs four or more such services.

The Senate Committee on Finance, in considering this matter, was governed by the same principle, that payments should be limited to general purpose governments. The Senate committee's approach took a slightly different tack from that of the House. The committee amendment would propose no change in the definition of eligible units of government, other than deleting the phrase "other unit of government below the State," a provision that apparently is of no practical effect.

In addition, an amount equal to 15 percent of the annual revenue-sharing entitlement of each parish in Louisiana, except Orleans Parish, would be distributed to the sheriffs of each parish. Half of the funds for this distribution would come from the revenue-sharing entitlement of the parish—except Orleans—and the other half would come from the revenue-sharing entitlement for the State of Louisiana. This provision is justified on the ground that sheriffs in Louisiana maintain and direct their own police forces, in addition to the parish police force.

A particular situation has arisen in Arkansas that deserves the consideration of the Senate. Under chapter 7 of title 20 of the Arkansas Statutes, section 20–701 et seq., so-called suburban improvement districts may be created. Many of these districts perform functions traditionally associated with ordinary cities and towns. They are often, for all practical purposes, indistinguishable from incorporated municipalities, and they are in fact units of local general purpose government. One such community is Cherokee Village, Ark., the full legal title of which is Cherokee Village Suburban Improvement District No. 1.

Cherokee Village is a retirement village. There are 2,800 full-time residents in the village. Its government is controlled by three commissioners. These officials approve all expenditures, budgets, budget appropriations, tax levies, and assessments. The village has constructed and equipped three fire stations. There are 350 miles of streets and roads to repair and maintain, recreation centers and recreation facilities to operate and maintain, and salaries to pay to persons employed in the fire department, roads and streets department, and recreation department. In addition, there are bond and interest payments to be made for the construction of the fire stations.

Mr. President, there is no practical or functional reason why a community organized in this fashion should be treated differently from a city or town incorporated in the usual form. In fact, the residents of communities such as this—and there are several others in Arkansas—will be seriously disadvantaged in a discriminatory fashion if the law is not clarified to insure that their local government is eligible to participate in the revenue-sharing program.

I am, therefore, proposing an amendment to H.R. 13367 to provide expressly that suburban improvement districts organized under the laws of Arkansas will be included in the term "unit of local government" if they actually function as a general-purpose government, performing a broad range of services for all of the citizens residing within their borders. This is not an attempt to expand revenue sharing or distort its purpose by making special districts or other special units of local government eligible for payments. It is merely an effort to avoid disqualifying large numbers of citizens for no reason other than the technical legal title that their local government bears under State law.

Mr. President, in order that the factual justification for this amendment may be spread on the record, I ask unanimous consent that a letter dated June 24, 1976, from Mr. J. I. Durham, village manager of Cherokee Village, be printed in the RECORD immediately following these remarks.

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

CHEROKEE VILLAGE SUBURBAN
IMPROVEMENT DISTRICT NO. 1,
Cherokee Village, Ark., June 24, 1967.

Senator DALE BUMPERS,
Dirksen Building,
Washington, D.C.

DEAR SIR: State Representative John Miller has advised me that there is a new revenue sharing bill, HR 13367 with seven amendments being prepared. I would like to have details of this bill if possible.

I am especially interested in section 7 which changes the definition of local government. I would like to be sure that it will include communities such as Cherokee Village, Arkansas. If it does not I hope that the bill can be amended to do so.

Cherokee Village is a retirement village. There are two thousand eight hundred full time residents in the village. The village is organized under the suburban improvement district statutes of Arkansas.

The village is controlled by three Commissioners. These officials approve all expenditures, budgets, budget appropriations and tax levies and assessments.

The village has constructed and equipped three fire stations. There are three hundred fifty miles of streets and roads to repair and maintain: recreation centers and recreation facilities to operate and maintain and salaries to pay to persons employed who work in the fire department, roads, and streets department and recreation department.

In addition there are bond and interest payments to be made for the construction of the fire stations.

These are some of the reasons why any revision of a revenue sharing bill should be inclusive enough to cover retirement communities such as Cherokee Village.

Please do not confuse an Improvement District and a Suburban Improvement District. The Suburban Improvement District is one that is set up by statute to operate a community such as Cherokee Village.

I have taken enough of your time on this matter. However, I am very interested in promoting any change that will enable retirement communities, where fixed income limits the financial resources, to participate in a fair share of revenue sharing.

If I can be of any help or supply you with any information please advise.

Sincerely,

J. I. DURHAM,
Village Manager.

Mr. BUMPERS. Mr. President, I discussed this amendment a few moments ago with the distinguished floor manager and, very briefly, it is an amendment that is designed to take care of a very unique situation in my home State. I hope my colleagues will not think this is parochial because it is not. It actually redresses a serious inequity.

In the State of Arkansas we have a unique law which provides the development of "suburban improvement districts," and we have an improvement district in the State of Arkansas that is a retirement community of 2,800 citizens. They levy taxes, they distribute the taxes through a commissioner system rather than a mayor-council system; they have fire stations; they have about 300 miles of roads and streets to maintain.

This amendment would simply include them in the revenue-sharing program, and I think it is only proper that they do it. It does not add any money. It simply allows them to participate in the municipalities that share within the State of Arkansas.

I discussed this with the floor leader earlier, and it is very similar to one that was put on for a unique situation in Louisiana.

Mr. LONG. Mr. President, I have not had the opportunity to study the amendment. But, as I understand, it does not increase the amount of money available to Arkansas. It merely seeks to see to it that a unit of government in Arkansas would be recognized that would share in the amount of money that would be made available; is that correct?

Mr. BUMPERS. That is correct.

Mr. LONG. Under those circumstances, Mr. President, I personally would be willing to accept the amendment and discuss it with the House in conference, and if it presents no more problems than would appear on the face of it, I would be optimistic that we could work this matter out.

Mr. PACKWOOD. Mr. President, will the Senator from Arkansas yield for a question? I realize this is no increase, but out of whose share intrastate does this share come from?

Mr. BUMPERS. I am sorry, I did not hear the question.

Mr. PACKWOOD. The Senator's amendment does not give Arkansas any more money.

Mr. BUMPERS. That is right.

Mr. PACKWOOD. Yet we are going to add a unit that does not now get it.

Mr. BUMPERS. That is correct.

Mr. PACKWOOD. From whose share does it come out of in the State?

Mr. BUMPERS. It comes out of the total allocation for the municipalities in the State.

The counties and municipalities of the State have three separate amounts. This would dilute the amount admittedly that would otherwise go to all other communities, all other municipalities in the State. It would dilute it to a certain minimal amount, not very much. This is a community of 2,800 citizens.

Mr. PACKWOOD. I have some misgivings. It is similar to the amendment the chairman had for the law enforcement sheriffs in Louisiana. I do not want to see it get into too many local special governments because there are a lot of local special governments and the formula at the Federal level becomes very complex. But if this is going to be worked out intrastate, I would be willing to accept the amendment.

Mr. BUMPERS. Mr. President, I thank the floor managers very much.

I move we adopt the amendment.

The PRESIDING OFFICER (Mr. LAXALT). The question is on agreeing to the amendment of the Senator from Arkansas.

The amendment was agreed to.

AMENDMENT NO. 1653

Mr. PROXMIRE. Mr. President, I call up my amendment No. 1653 and ask that it be stated.

The PRESIDING OFFICER (Mr. LAXALT). The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 69, between lines 3 and 4, insert the following new section:

"SEC. 12. (a) The Act is amended by adding at the end thereof the following new subtitle:

"'Subtitle D—Determinations by States to Receive Payments

"'SEC. 161. STATE LAWS MUST SPECIFY THAT AMOUNTS ARE TO BE PAID STATES AND UNITS OF LOCAL GOVERNMENT.

"'Effective with respect to the fiscal year beginning October 1, 1977, and each fiscal year thereafter, a State and its units of local government shall be paid the amounts to which they are otherwise entitled under sections 107 and 108 for such fiscal year only if on or before July 1 preceding the beginning of such fiscal year, there is a law of such State in effect which—

"'(1) specifies that such amounts are to be paid to such State and its units of local government for such fiscal year, or

"'(2) specifies that a percentage of such amounts is to be paid to such State and its units of local government for such fiscal year.

No such State law may be effective beyond the second fiscal year beginning after the date on which it is enacted.

"'SEC. 162. UNPAID AMOUNTS TO BE ALLOWED AS INCOME TAX CREDIT TO RESIDENTS OF THE STATES.

"'(a) NO AMOUNTS TO BE PAID TO STATE AND UNITS OF LOCAL GOVERNMENT.—In the case of any State which does not have in effect a State law described in section 161 for a fiscal year beginning on or after October 1, 1977, the amounts to which such State and its units of local government are entitled under section 107 and 108 shall be allowed as an income tax credit, as provided in section 45 of the Internal Revenue Code of 1954, to the individuals residing in such State for their taxable years beginning in the calendar year in which such fiscal year ends.

"'(b) PARTIAL AMOUNTS TO BE PAID TO STATE AND UNITS OF LOCAL GOVERNMENT.—In the case of any State which has in effect a law described in section 161(2) for a fiscal year beginning on or after October 1, 1977, the amounts to which such State and its units of local government are entitled under sections 107 and 108 for such fiscal year, reduced by the amounts that will be paid to such State and its units of local government during such fiscal year, shall be allowed as income tax credit, as provided in section 45 of the Internal Revenue Code of 1954, to the individuals residing in such State for their taxable years beginning in the calendar year in which such fiscal year ends.'.

"(b)(1) Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits allowable) is amended by renumbering section 45 as 45A, and by inserting after section 44 the following new section:

"'SEC. 45. UNPAID REVENUE-SHARING FUNDS.

"'(a) ALLOWANCE OF CREDIT.—In the case of an individual who is a resident of a State which for a fiscal year does not have in effect a State law described in section 161 of the State and Local Fiscal Assistance Act of 1972, or which has in effect a State law described in section 161(2) of such Act, there shall be allowed as a credit against the tax imposed by section 1, for such individual's taxable year which begins in the calendar year in which such fiscal year ends, an amount of the payments to which such State and its units of local government are entitled under sections 107 and 108 of such Act, as determined under subsection (b).

"'(b) AMOUNT OF CREDIT.—

"'(1) DETERMINATION.—The amount of the credit allowed by subsection (a) for a taxable year is—

"'(A) an amount (i) which bears the same ratio to (ii) the total amount to which such State and its units of local government are entitled but will not be paid under the State and Local Fiscal Assistance Act of 1972 for such fiscal year, as

"'(B) the amount (i) which the taxpayer's tax liability for the preceding taxable year bears to (ii) the sum of the tax liability of all individuals who were residents of such State for the preceding taxable year, as determined by the Secretary or his delegate.

"'(2) TAX LIABILITY.—For purposes of paragraph (1), the term "tax liability" means the tax imposed by section 1 reduced by the sums of the credits allowed by this part, other than the credits allowed by this section and sections 31 and 39.

"'(3) SUBSTITUTION FOR PRECEDING TAXABLE YEAR.—If statistics are not available to determine the amount under paragraph (1)(B) based on the preceding taxable year, there shall be substituted the second preceding taxable year.

"'(C) PUBLICATION OF TABLES.—The Secretary or his delegate shall publish tables for each taxable year which begins on January 1 of a year, for each State the residents of which are allowed a credit under subsection (a), setting forth, by appropriate brackets of tax liability, the amount of credit to which such residents are entitled as determined under subsection (b). Such tables shall also provide instructions for determining the amount of credit in the case of taxpayers whose taxable year does not begin on January 1 of a year.

"'(d) REFUNDABLE CREDITS.—

"'For treatment as overpayment of tax when credit exceeds tax liability, see section 6401(b).

"'(e) REGULATIONS.—The Secretary or his delegate shall prescribe such regulations as may be necessary to carry out this section.'.

"(2) The table of sections for such subpart A is amended by renumbering item 45 as 45A, and by inserting after item 44 the following:

"'45. Unpaid revenue-sharing funds.'.

"(3) Section 6401(b) of the Internal Revenue Code of 1954 (relating to excessive credits) is amended—

"(A) by inserting ', 45 (relating to unpaid revenue sharing funds),' after 'lubricating oil)'; and

"(B) by striking out '31 and 39' and inserting in lieu thereof '31, 39, and 45'.

"(4) Section 6201(b)(4) of such Code (relating to erroneous credit) is amended—

"(A) by striking out '39' in the heading and inserting in lieu thereof '39 or 45'; and

"(B) by inserting 'or 45 (relating to unpaid revenue sharing funds)' after 'lubricating oil)'.

"(5) The amendments made by this subsection shall apply to taxable years beginning after December 31, 1977.".

On page 69, line 14, strike out "12" and insert "13".

On page 69, after line 15, add the following:

(d) The amendment made by section 12(a) of this Act shall take effect on the date of enactment.

Mr. PROXMIRE. Mr. President, I will explain the amendment.

Mr. President, before I describe my amendment I want to make a few general comments about revenue sharing.

NO REVENUE TO SHARE

The first problem with revenue sharing is that there has been no revenue to share. When it was proposed by Walter Heller and Joe Pechman, two brilliant economists, about 10 years ago, they argued that there would be large Federal budget surpluses which would put a great fiscal drag on the economy and create unemployment and recession, it would slow down economic growth. These anticipated surpluses, it was argued, could best be used to help State and local governments meet their fiscal needs.

But instead of surpluses there have been deficits—in fact, about $160 billion in Federal deficits since revenue sharing went into effect.

Meanwhile we have provided $30 billion in Federal revenue sharing spending without providing one cent in new revenues for the program. It has been financed by deficit spending. This bill proposes to spend another $41 billion over 5¾ fiscal years. And again there is no revenue to share. The budget estimate

for the fiscal year 1977 deficit is almost $43 billion.

Ironically, the States and localities are now where the big spending problems exist. Over the past decade the Federal Government has held its spending to about 22 percent of the GNP. But State and local spending has gone up dramatically. Further, since 1960 State and local government employment has gone up from 6 million to 12 million persons, double in only 15 years, while Federal Government employment has risen by only 500,000 or from 2.37 to 2.85 million persons. The point is that if one is really interested in cutting Government spending—and taxes—one very important place to examine spending is at the State and local level.

What revenue sharing does is, in effect, put the money on the stump and run. It does not require the accountability, responsibility, and obligation to the taxpayer which is the only effective restraint against wasteful government spending, whether Federal, State, or local.

Instead, what revenue sharing does is to give the States and localities an open ended appropriation for which they have to make no serious accounting to the people. In fact, I am sure all Senators have heard of examples where local citizens balked at some particular proposed local spending proposal on grounds that it was foolish or had a very low priority. Local officials then paid for it through revenue sharing because there was no specific local or State tax burden relating to the foolish spending of those funds.

THOSE WHO SPEND MONEY SHOULD HAVE TO RAISE IT

Mr. President, that leads to a second problem with revenue sharing and a major reason for my amendment; namely, that it offends against a fundamental fiscal principle. That principle is that those who spend money should have to raise it. That is the way to get fiscal restraint, and the one effective way.

The one way to do it is require those who spend it to go through the painful discipline of having to raise taxes in order to spend the money.

The State and local officials who spend revenue sharing money do not have to impose the taxes to raise it.

I can understand why governors, mayors, city managers, and county officials are so strongly for revenue sharing. We, in Congress, pass the taxes or sanction the deficit, and they get to spend the money with few or no strings attached.

They have the best of all worlds. But they should not moralize against those of us who criticize revenue sharing and who believe the program often results in the use of funds for foolish or low priority projects. As a measure of this, the League of Women Voters made a 2-year study of revenue sharing.

I think, whether we have a high regard or a lesser regard for the League of Women Voters, we have to recognize it is an organization that does not have an ax to grind. It does not have an economic interest in this that would give it a biased conclusion. It was an expert, competent, thorough study, in which they went into great detail in six States and found that 38 percent of those who were interviewed for their studies—area governors, State legislators, mayors, city council members, media representatives, agency and department heads, comptrollers, civil rights and human affairs officers, et cetera—did not know how the revenue sharing money was spent.

The League study also concludes that in measuring the success of the program almost none of the arguments or goals originally offered in support of the program's passage have been met.

Mr. President, I ask unanimous consent that two excerpts from page 24 of that study be printed at this point in the RECORD.

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

> Because of the fungibility of GRS funds, it was impossible for survey monitors to conclude whether or not general revenue sharing has helped create job opportunities or has altered the pattern of state spending. However, since the influx of these new dollars occurred at a time when other federal domestic programs were being reduced and terminated, it is unlikely that either economic goal was accomplished.
>
> And what has happened in the areas of citizen participation in revenue sharing and civil rights compliance at the state level? The former has not materialized at all, and the presence of the latter is highly questionable.
>
> (Source: Pg. 24, "General Revenue Sharing & the States," League of Women Voters.)

Mr. PROXMIRE. Mr. President, let me point out, and I will quote from the report:

> Because of the fungibility of GRS funds, it was impossible for survey monitors to conclude whether or not general revenue sharing has helped create job opportunities or has altered the pattern of state spending. However, since the influx of these new dollars occurred at a time when other federal domestic programs were being reduced and terminated, it is unlikely that either economic goal was accomplished. . . .
>
> And what has happened in the areas of citizen participation in revenue sharing and civil rights compliance at the state level? The former has not materialized at all, and the presence of the latter is highly questionable.

PROPOSED AMENDMENT

So what do we do about the lack of fiscal accountability in the program? Here is what I propose:

My amendment would reimpose some fiscal discipline on the program. It would return the revenue sharing money to individual Federal income tax payers unless the State legislatures, by law, specify that the funds should be distributed to the State and local units of government according to the revenue sharing formula.

In effect each State legislature has to determine whether it is going to spend the money or return the money to the taxpayers.

It would provide, in the case of Nevada, or Wisconsin, or any of our States, that the same amount of money would go back to the State as the present bill provides.

However, that money would go back in the form of a refund on the Federal income tax, to the Federal income taxpayers in that State, unless the State passed an appropriation, appropriating those funds for revenue sharing.

In the case of the State of Wisconsin if my amendment had been in effect for the last year for which we have complete figures—1974—and the State legislature had failed to pass a law distributing the funds, some $152 million in revenue sharing funds would have been returned to 1,798,702 Wisconsin taxpayers who had filed a Federal income tax return.

This would have amounted to about $85 per average tax return or a 7-percent Federal income tax cut.

In order for the State to expend that money for revenue sharing purposes, it would have had to pass an appropriation bill and this would have been the instrument on which the taxpayers could demand, as they would demand, that the money be spent carefully and only if it could be spent wisely, and otherwise, of course, their tax money would go back to them.

LEGISLATURES HAVE A CHOICE

I recognize that the cities and towns of this country urgently—in some cases desperately—need this money. Local taxes are punishing, and local needs are vital. That is why the legislatures should have the choice my amendment requires them to make.

My amendment would also allow a State legislature to split the money by allowing a part of it to go for revenue sharing and a part of it returned as a tax refund.

The amendment would in no way change the revenue sharing formula, the amount due each State or any other provision of the law.

If a State legislature by law passes the money on to the local units of government, fine. They get the money. But a State under my amendment has it bite the bullet, has to make the painful choice of spending instead of refunding the taxpayer his money. If a State legislature fails to act then the people who paid the taxes get their fair share of the money by way of a tax refund.

Since the one-man, one-vote decision of the Supreme Court State legislatures fairly represent all the people of a State. Further, they are the right ones to make the decision, because all other local units of government—counties, cities, towns, et cetera—are the legal creatures of the State governments.

SPECIFIC PROVISIONS

The amendment provides that the law must be passed by July 1, preceding the beginning of the fiscal year in which the revenue sharing funds are paid out. Each State would have until July, 1977, to pass the law dealing with funds due in the fiscal year beginning October 1, 1977. Because of the late date, the amendment would not apply to fiscal 1977. The amendment provides that a State legislature can act for 2 years in advance, as some legislatures meet only once every 2 years.

Technically, the formula provides that each taxpayer would get the same percentage of the total revenue-sharing funds due each State as the percentage his personal Federal income taxes are to the total Federal income taxes paid by all individual taxpayers in the State.

To put it more simply, if the revenue-sharing funds due a State were equal to 5 percent of the Federal personal income taxes paid by the citizens of the State, then each taxpayer would get a 5-percent refund.

The amounts would be provided in tables in the tax instructions just as tables are now provided for amounts of State gasoline taxes and State sales taxes which can be claimed.

RETURNS FISCAL DISCIPLINE TO THE PROGRAM

I believe my amendment would give the fiscal responsibility and fiscal discipline this program now lacks. The people, working through their State legislators, will make their wishes known. I believe the effect will be to make State and local governments far more careful than they have been as to how they spend revenue sharing money. If they are not careful, the people will demand that the money be returned rather than spent foolishly.

May I make one more point? I am told that when this amendment was proposed in the committee, it was said that it was unneeded, already in the law, that it duplicated a Talmadge amendment adopted when the original law was passed.

Mr. President, that is just not the case. There is no similar provision in the present law or the present bill. There had to be a mistake or misunderstanding for that idea to have been broached and accepted.

I ask unanimous consent that an editorial from the Fond du Lac, Wis., Reporter, entitled "Proxmire and Revenue Sharing" and an editorial from the Elkhorn, Wis., Independent be printed at this point in the RECORD.

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

[From the Fond du Lac Reporter, Aug. 30, 1976]

PROXMIRE AND REVENUE SHARING

One criticism that Sen. William Proxmire is certain to encounter often as he campaigns for re-election relates to his questioning of the federal revenue sharing program.

Since it was started under former President Nixon, revenue sharing has become almost a way of life for state and local governments. At the time it was introduced, Nixon proudly said it would provide financial assistance at the local level "with no strings attached," and everyone applauded.

Once the flow of money got under way, states and cities were able to bring their budgets under reasonable control while also lowering tax rates.

What everyone had a tendency to forget is that federal revenue sharing was one of those programs that wasn't supposed to be permanent. Cities and states needed help. Congress set up temporary revenue sharing to assist them.

With the federal government now faced with increasing burdens because of deficit spending and a national budget that shrieks for attention, efforts have been made to lop off expenditures. Sen. Proxmire and others have considered dropping federal revenue sharing. The outcry has been so intense, however, that they've been forced to back off and consider other measures.

What Sen. Proxmire now supports is tighter control over revenue sharing funds. He favors a system of auditing so that taxpayers know exactly how this money is being spent.

There seems to be no valid reason for objecting to such a demand for responsibility. Is the money being used for the best possible purposes? Is it distributed on a high priority basis? Or has it become simply a crutch for state and local governments, used for questionable purposes in areas where local tax expenditures should prevail?

Certainly the veteran Democratic senator from Wisconsin knows he did not make a hit with those in state and local government by questioning the revenue sharing program. The pressures they have applied have been eloquent in making that clear. But even though continued revenue sharing has great merit in returning taxes to states and cities in need, it is a program that must be monitored carefully so that the billions appropriated in its name are not misused. For his efforts in that direction, Sen. Proxmire deserves praise rather than criticism.

[From the Elkhorn Independent, Aug. 17, 1976]

PROXMIRE AND REVENUE SHARING

It will take a great deal of courage for Sen. William Proxmire particularly in an election year, to maintain his opposition to continuing federal revenue sharing after it expires this year. He is getting heat from local and state officials all down the line who want to see that federal giveaway program continued.

The question has, indeed, made some "strange political bedfellows" as Proxmire's Republican opponent this fall is almost as vehement in his denunciations of the Senator's stand as is Henry Maier, Democratic mayor of the City of Milwaukee.

It is easy to understand why local and state officials want to see the revenue sharing program continued. What elected official wouldn't want this "manna from Heaven" that he can spend without having to justify the cause to the local taxpayer. The position of Proxmire's Republican opponent is a little more difficult to understand.

Sen. Proxmire's alternative to the present revenue sharing program is so beautifully simple that it is probably politically impossible. He wants to return these funds directly to the taxpayer and then let the local or state levels of government justify the taxation necessary to finance whatever programs were initially proposed.

This idea puts the responsibility for raising the money in the proper spot. . . . in the same place where it's going to be spent.

While most revenue sharing funds have been prudently spent, there is always the gnawing question: "Would we have spent this money for this purpose if we had to raise it locally?" The answer in the majority of cases would be, no.

Proponents of continued revenue sharing flail their arms about how much local taxes would have to go up to replace the missing federal funds. Of course, they would go up if we continued to spend at the same pace, but there would also have to be a commensurate DECREASE in the federal tax burden. It is our opinion that we would soon learn to live a little "lower off the hog" with some of our governmental services if we were paying for them at the local level.

School districts are a beautiful example of taxing responsibility located closest to spending authority as the bulk of school costs come directly from the property tax. While the majority of citizens still choose not to exercise their rights at annual school meetings when budgets are set, the framework is still there for plain old grassroots dissent in a place where something can actually be done. Occasionally, a controversial item like the recent tennis court construction question here, smokes out a decent sized crowd, but the opportunity always exists to have a real say on what your property taxes will be.

Granted, it appears to be old fashioned, but we like the idea of having more to say about how our tax dollars are being spent, and the elimination of federal revenue sharing would at least point us back in that direction.

Hang in there, Senator!

Mr. PROXMIRE. Mr. President, I recognize the objections to amending this bill.

I do not know of any bill which has had stronger support from the mayors and city council members, and the other highly influential people in States, than this bill, for obvious reasons.

The vote on the Biden amendment made it clear what the disposition of the Senate is. In the House, it was 10 to 1—361 to 35—for passage of the bill in the form very similar to that we are considering here in the Senate, that is as to the attitude Members of Congress have on this legislation.

I am a realist. I have been here long enough; I know this amendment has no chance of passing. But I do think it is important to have it before the Senate.

For that reason, I appeared before the Finance Committee to support the amendment and have made this presentation on the floor.

However, recognizing that the amendment has no real chance of passage, I now withdraw the amendment.

UP AMENDMENT NO. 448

Mr. HUGH SCOTT. Mr. President, I wish to propose two amendments to H.R. 13367 which are not different in any way in content with my previous amendments 2245 and 2246, but differ as to the pertinent sections of H.R. 13367, as reported to the Senate Finance Committee, that will be amended.

Mr. President, I call up my unprinted amendment which I have offered in lieu of amendment No. 2246 and I ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Pennsylvania (Mr. HUGH SCOTT), for himself, Mr. YOUNG, Mr. MCGOVERN, Mr. STEVENS, and Mr. THURMOND, proposes an unprinted amendment numbered 448:

On page 47, line 7, after the period add the following:

No provision of this section shall be deemed to prevent units of local government served by the same newspaper of general circulation from combining and consolidating the information required to be published under this subsection in a single joint publication, provided such a joint publication clearly identifies the required information pertaining to each such unit.

Mr. HUGH SCOTT. Mr. President, this is a very simple amendment. It deals only with the method by which units of local government advertise in the newspaper their proposed use reports. The public reporting requirements in the original revenue-sharing program required repetitive advertising and resulted in a drain of revenue-sharing moneys. This amendment would permit government units to join together and publish their reports. The reports obviously could be published in much less space and at a cheaper cost. At the same time, the public will be better able to compare projects, budgets, and revenue-sharing expenditures with other communities who cooperate in this pro-

gram requirement. In no way does this amendment eliminate the quantity or quality of public disclosure under the act.

Mr. THURMOND. Mr. President, I rise in support of the amendment offered by the senior Senator from Pennsylvania, Senator HUGH SCOTT, to the general revenue sharing bill, H.R. 13367, which would allow cities and towns served by the same newspaper of general circulation to join in their publication of required information, concerning revenue sharing. I want to commend the Senator from Pennsylvania on his foresight in recognizing the problems of small towns and fashioning remedies for these situations, and I was pleased to join him as a cosponsor.

As I am sure you are all aware, there are many instances in which a number of towns in a county are served by the same newspaper. This occurs not only when a county is basically rural and has one weekly or semiweekly newspaper of general circulation in the county. It also results where satellite townships are served by a large metropolitan newspaper.

Obviously, the expense of publication of required information would be greatly reduced by this amendment. Revenue sharing was designed to return much-needed funds to local governments, not to require needless expenditures by these governments when a simplified alternative is available. This amendment provides such an alternative, and I urge its favorable consideration.

Mr. YOUNG. Mr. President, I join in support of the amendment. It would save a lot of money on the part of local political subdivisions, especially the smaller ones. They could join together and publish at one time. Maybe some of the smaller newspapers would not like it too well as they would lose a little money, but it would save an expense to many smaller towns.

Mr. HUGH SCOTT. I appreciate the comment of the Senator from North Dakota.

Mr. LONG. I believe the amendment has merit. It could amount to an overall saving in the cost of advertising without reducing the effectiveness or the notice that the public is expected to receive. I think the amendment should be agreed to. Unless we can find some unforeseen problem with it, I would very much hope that the House would also accept it.

Mr. HUGH SCOTT. I thank the distinguished Senator.

Mr. PACKWOOD. Mr. President, I support the amendment of the Senator from Pennsylvania.

Mr. HUGH SCOTT. I thank the Senator from Oregon. I call for a vote, Mr. President.

The PRESIDING OFFICER (Mr. CULVER). The question is on agreeing to the amendment.

The amendment was agreed to.

UP AMENDMENT NO. 449

Mr. HUGH SCOTT. Mr. President, I call up my unprinted amendment in lieu of my former amendment No. 2245.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Pennsylvania (Mr. HUGH SCOTT) proposes unprinted amendment No. 449.

The amendment is as follows:

On page 44, insert the following:

(g). Section 102 (relating to payments to State and local governments) is amended by striking out the period at the end of the second sentence thereof and inserting in lieu thereof the following: ", except that, where the Secretary determines that the entitlement of a unit of local government to funds made available under this subtitle for an entitlement period will be less than $2,000, the payment not later than 5 days after the close of the first quarter of such entitlement period.".

Mr. HUGH SCOTT. This amendment is offered to provide more budgetary flexibility for hundreds of small jurisdictions throughout the United States. I think it is a meritorious amendment.

A jurisdiction that receives $2,000 or less in revenue sharing funds for 1 fiscal year would be permitted to receive their full entitlement no later than 5 days after the close of the first quarter of the entitlement period. This amendment will provide an amount of money to smaller communities in a more usable size and at the same time will result in a number of administrative savings—public hearings and reporting requirements will only be required once, and fewer checks and less paperwork will be needed at the Federal level. I strongly urge the Senate to adopt this amendment and provide more budgetary flexibility for hundreds of small jurisdictions throughout the United States.

I yield to the distinguished Senator from North Dakota.

Mr. YOUNG. Mr. President, this is another amendment which is very important to sparsely populated States. In many small cities, towns, or townships they only got $70 or $80 per quarter. This means a great deal of expense to the Government to mail out the checks. This being a 6-year bill, it would mean mailing out 24 checks. I realize they would have a little trouble changing their system, but it would leave it so that they would not have to mail out but six checks in the next 6 years. When there is such a small amount, it does not make much sense to have to mail out these little checks four times a year for the next 6 years.

Mr. LONG. Mr. President, there are problems with this amendment beyond those which meet the eye. We have in this bill agreed that each community would only have to report one time instead of two times on what they do with their money.

In addition to that, Mr. President, they do not have to report to Washington at all. All they have to do is just report to their own people.

The Senator from Pennsylvania has wisely offered an amendment that we agreed to take that would say that these people can consolidate their reporting with other communities to reduce publication expenses and consolidate their reporting operations. But, Mr. President, when we say that communities can receive a single payment for an entitlement period, up to a certain figure, we are faced with the question of where do we cut this off? If we say we will set it at a fixed level, say the cutoff is $2,000, someone will immediately complain, "We are getting only $5,000, why not give a lump sum to our community?" And someone else asks that the cutoff be set at a higher level.

Once we start saying, "You will not send four checks but only one check a year," I do not know how any of us can defend any particular cutoff point and say that a community with something more than that should not have the benefit of a lump sum payment.

Obviously, if we provide small communities with their money in one annual installment, then the interest cost to the Federal Government could also add to the cost of this program. Really, Mr. President, if extended—and I do not see how we could keep it from being extended if we start down this road—it could lead to a very substantial additional cost to the Federal Government and also a cash flow problem for the Federal Government.

If communities are going to spend this money the way we anticipate, they should be spending it over four quarters rather than one quarter. In view of the fact that their tax collections or revenue usually comes in over a period of a year, we would contend that the money which we collect should be shared with them as we receive it also.

I would hope very much that the Senator would not insist on his amendment at this time. Maybe later on we could find a better answer to the problem, but right now it poses other problems to which we are not able to provide answers.

Mr. HUGH SCOTT. I would hope as revenue sharing develops that this sort of simplification could be given careful consideration. I believe in the amendment. I believe it is a good one. I have to face the realities that the committee expresses opposition to it through its chairman and that it would have difficulty surviving in conference if we were fortunate enough to have it passed. I would much prefer to see it in the bill.

In view of this situation, I would most reluctantly withdraw the amendment, though I hate very much to do so.

Mr. LONG. I thank the Senator. I want to assure the Senator that the amendment to which we agreed we will definitely fight for in conference.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. GRAVEL. I yield to the Senator from New York.

Mr. JAVITS. On behalf of Senator SCOTT, I would like to make this observation: I am considering proposing an amendment calling for monthly payments to States which receive in excess of $40 million a quarter in view of the very grave difficulties the States, including my own, have in raising money. It would affect 19 States. The estimate of the possible cost to the Federal Government is $15 million in interest. The effect would be of such inestimable value to the States and State financing in the country that I believe it is eminently justified. I wanted to serve notice, because it properly belongs with Senator SCOTT's amendment. I wish he had persisted. I shall offer that somewhat later today. I thank my colleague.

UP AMENDMENT NO. 450

Mr. GRAVEL. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Alaska (Mr. GRAVEL), for himself, Mr. BROOKE, Mr. JAVITS, and Mr. KENNEDY, proposes unprinted amendment No. 450. The amendment is as follows:

On page 47, line 25, immediately after the period add the following: "Any prohibition against discrimination on the basis of age effected by the Age Discrimination Act of 1975 (89 Stat. 728) or a handicap as provided in section 504 of the Rehabilitation Act of 1973 (87 Stat. 355) shall also apply to any such program or activity.".

On page 48, line 20, immediately before "and" insert the following: "or a violation of any prohibition against discrimination on the basis of age effected by the Age Discrimination Act of 1975 (89 Stat. 728) or a handicap as provided in section 504 of the Rehabilitation Act of 1973 (87 Stat. 355),".

On page 48, line 22, strike out "or".

On page 48, line 23, immediately before "is" insert a comma and "or violation".

On page 51, line 18, immediately before the period insert a comma and the following: "or violated any prohibition against discrimination on the basis of age effected by the Age Discrimination Act of 1975 (89 Stat. 728) or a handicap as provided in section 504 of the Rehabilitation Act of 1973 (87 Stat. 355) in connection with any such program or activity".

On page 52, line 7, immediately after "sex," insert the following: "or a violation of any prohibition against discrimination on the basis of age effected by the Age Discrimination Act of 1975 (89 Stat. 728) or a handicap as provided in section 504 of the Rehabilitation Act of 1973 (87 Stat. 355),".

Mr. GRAVEL. Mr. President, I ask unanimous consent that William L. Hoffman of my staff, Janet McNair of the House Judiciary Committee, and Richard Aks, of my staff, be granted the privilege of the floor during the consideration of the pending bill, and also Mark Coven, of the office of Senator DURKIN.

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

Mr. GRAVEL. Mr. President, I would like to include Senator BIDEN as cosponsor of this amendment.

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

Mr. GRAVEL. Mr. President, addressing myself to the manager of the bill, the Senator from Louisiana, if I may have his attention, I would be happy to take up each one of the amendments and then agree to voting three times in a row, the first to be a normal length vote and the other two votes to be 10-minute votes to accommodate the membership. I think we could handle each of the three amendments in 10 or 15 minutes' time in toto, if that would be agreeable.

The PRESIDING OFFICER. It has already been agreed that all votes today will be 10-minute votes.

Mr. LONG. Mr. President, I believe the Senator has made a suggestion that would be a convenience to the Senate. I would be willing to do that. The Senator's three amendments would be offered and after we debate them we would vote without further debate.

Mr. GRAVEL. Right, on all three of them.

Mr. LONG. And three rollcall votes?

Mr. GRAVEL. Three rollcall votes.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

AGE AND HANDICAPPED STATUS

Mr. GRAVEL. Mr. President, this amendment to the Senate version of H.R. 13367 would reinstate the prohibitions against discrimination on the basis of age and handicapped status in the uses of general revenue sharing funds. Although the House bill contains these prohibitions, the Senate Finance Committee unfortunately voted to delete the references.

The Age Discrimination Act of 1975 prohibits unreasonable discrimination on the basis of age in programs or activities receiving Federal financial assistance, including a specific reference to funds provided under the State and Local Fiscal Assistance Act of 1972. I believe that we should amend the Revenue Sharing Act itself to prohibit age bias.

The enforcement mechanism provided in the 1975 act is much more general and loosely structured. In effect, the enforcement mechanism of that act tracks the existing revenue sharing law. The Senate Finance Committee, however, in reporting H.R. 13367 found that it was necessary to tighten up, substantially, the civil rights enforcement procedures under revenue sharing. Therefore, by adding an age bias prohibition to the Revenue Sharing Act itself, as I propose, that prohibition would be subject to the strict enforcement timetables adopted by the committee. To not adopt my amendment and instead to rely solely on the 1975 legislation is to leave those suffering from age bias with much weaker and more loosely structured remedies.

With regard to handicapped status, Congress passed the Rehabilitation Act of 1973 which stated that "no otherwise qualified handicapped individual in the United States—shall, solely by reason of his handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance." This law was a clear recognition that this type of discrimination persists and must be ended. Both the House Judiciary Subcommittee on Civil and Constitutional Rights and the General Counsel of the General Accounting Office share the opinion that the revenue sharing program should be deemed to be covered by this legislation. However, the Treasury Department has refused to carry out a responsible civil rights program and will not act on the issue of discrimination against handicapped persons without express congressional authorization.

This amendment would prohibit discrimination against the aged and handicapped in exactly the same fashion as is done under existing law.

Mr. LONG. Mr. President, will the Senator yield at that point?

Mr. GRAVEL. I am happy to yield.

Mr. LONG. Could we agree to a limitation of debate, so that Senators could know how to make their plans? Would the Senator be willing to agree, for example, that on these three amendments we would have, let us say, 40 minutes of debate to be equally divided between the proponent of the amendment and the manager of the bill?

Mr. GRAVEL. That might shortchange us on a particular amendment. Could we agree to a time on each amendment, rather than 40 minutes on all of them, so that in case we need more time for one, say, if we had 20 minutes per amendment, that would be 10 minutes to each side? This one is considerably simpler than another one, and we could yield back some of our time on this one and proceed to the next amendment.

Mr. PACKWOOD. Mr. President, in behalf of the ranking Republican Members, I would have to object to a time limitation agreement on any amendment.

The PRESIDING OFFICER. Objection is heard.

Mr. GRAVEL. The Age Discrimination Act clearly allows the existence of programs that are specifically designed to assist the aged. This is something very important to understand, because the allegation may well be made that what we are placing in motion here is the ability to discriminate against the aged. That is not the case at all. Let me repeat: The Age Discrimination Act clearly allows the existence of programs that are specifically designed to assist the aged.

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

Mr. GRAVEL. I yield.

Mr. PACKWOOD. Does that mean it is for persons 65 or over, and someone who is 63 cannot claim discrimination? The same applies to the handicapped. For example, if the Government decides to have special programs for the blind, a person who is deaf could not complain of being discriminated against because it applied only to the blind.

Mr. GRAVEL. I think it is a question of reasonableness. I do not think a handicapped person could complain that a post office does not have a wheelchair ramp to every single door, but if they had wheelchair access to the building, that would certainly be a reasonable circumstance.

Mr. PACKWOOD. In looking at the Senator's amendment, though, I want to be sure the record is sufficiently clear that in execution this would not permit what some people might call reverse discrimination. Just singling out a group of people 65 or older should not mean that others cannot bring suit, or just because you have a certain handicap should not mean others differently handicapped could not sue. I would not want to put into something that would result in lawsuits of that nature.

Mr. GRAVEL. No, this does nothing more than take existing law and focus it on this type of funding, which is necessary because of lack of attention by the Treasury to the civil rights aspect of this issue.

Mr. PACKWOOD. Is the Senator's amendment on religion also at the desk?

Mr. GRAVEL. It is not at the desk. I will be sending it to the desk shortly. We have one on attorneys' fees also.

Mr. PACKWOOD. I thank the Senator.

Mr. GRAVEL. We can provide the Senator a copy.

This amendment defines age discrimination as it is defined in existing law.

Similarly, the Rehabilitation Act of 1973 has been interpreted to require reasonable accommodation to the known physical and mental limitations of a handicapped person. Some have raised the argument that a prohibition on handicap discrimination raises the specter of wheelchair ramps at every door of any building funded in whole or in part with revenue sharing funds. I want to make it very clear that we are talking about reasonable accommodation. A handicapped person should have access to every building, but not necessarily access to every door of that building.

I urge my colleagues to accept this amendment which specifies the types of discrimination the Department of Treasury must prohibit and which will put the revenue sharing program in harmony with existing Federal civil rights statutes and other parts of existing law.

Mr. President, I have no further comment to make on this amendment, and would be happy to address myself to any response that any Senator in opposition to the amendment may wish to make.

Mr. LONG. Mr. President, the problem raised by this amendment, as well as those that will follow, is that really one cannot tell just what the amendments are going to mean until they have been construed by the courts.

We already have in this bill two procedures whereby revenue sharing funds can be withheld because of discrimination based on race or because of discrimination based on sex.

The provision regarding discrimination based on sex, Mr. President, is similar to the equal rights amendment. Revenue sharing money will be held up if it should be found that a recipient government is discriminating based on sex.

The reason that the equal rights amendment has not been approved by all the State legislatures, in spite of the enormous pressure by very able and talented women's organizations to enact it, is because nobody can tell you what the amendment means; in other words, given 100 different hypothetical situations people cannot tell you for certain what the answer will be with regard to any of them.

In an effort to meet this problem we did say, "All right, we will leave in this bill the provision permitting revenue sharing money to be held up if there appears to be a case of discrimination based on sex."

That alone provides a basis for anyone, be he man or woman, to file a lawsuit and tie the money up in court while it is contended that there is discrimination based on sex. A man can contend that the money ought to be held up because they hired a woman and he is a man, and this was a case of a woman being favored because they prefer a woman to be a secretary. A man can file his lawsuit, and all these procedures will apply. The man can either go the administrative route by petitioning for the exercise of the powers of the Secretary of the Treasury, or he can proceed by way of the Attorney General, and sue to tie the money up. The recipient units of government may very well have to expend as much money as they receive in revenue sharing money in fighting this matter through the courts if they want to argue about it, because an individual contends that there is a discrimination based on sex.

Units of Government have that to contend with in addition to the various civil rights matters that are so familiar to all of us.

In addition to that, the Senator now seeks to add a provision to say that you tie the money up because of discrimination based on disability. Look at all the potential for some little government, be it a county government or city government, having its money tied up because someone says he is discriminated against because of disability.

Let us take a situation that is familiar to me where we had a man who was blind operating a little stand, that was a tradition in the courthouse in my hometown, where we always save that job operating this little stand to sell Coca-Colas, refreshments, pencils, and various other items, such as you would see around an airport available to you, including newspapers, and various things that could be handled in a little newsstand. This blind person would handle such things as he could, and that job was always reserved for a blind person.

Under this amendment, someone could file a lawsuit and contend that revenue sharing money ought to be cut off because in the courthouse they had a man who was permitted to operate this little stand and that only a blind person is permitted to have that job, and he was being discriminated against because he was not blind.

If we have a program implemented, let us say, to have a sheltered workshop to help disabled people and we are going to have some limitation as to who we are going to help or we are not going to help because they are disabled, anyone can contend that he has some disability and the regulations we have are not broad enough to include him so he is being discriminated against and the money ought to be held up.

The Senator has another amendment, which follows behind this, that would tie the money up because of religion. We had people from the Catholic groups and the Jewish organizations coming before the committee testifying against that. Let us say, various religious groups have homes for aged people. They sponsor these homes. If a local government has some service, such as meals that they serve, or some other social service, and they provide it to all people, including those who are in this home, it can be contended that because they serve those people in that particular home and in that particular home those of a particular religion are favored, that amounts to discrimination based on religion.

Likewise, when bus service to take children to school is provided, as is done in many States, similar discrimination suits may be instituted. I know it is difficult to keep up with the latest pronouncements of the Supreme Court, but I know for many years, after I came to the Senate, my understanding was that that did not prevent providing services to children regardless of what school the children happened to attend. Whether they went to a parochial school or whether they went to a public school, the theory was the service was being provided to children and it did not make any difference if they went to a public school or a parochial school. They still had a right to the service that was being provided to children.

My father won the case in the Supreme Court to say that you could provide schoolbooks to children regardless of where those children went to school. That was one of the difficulties that had to be overcome in providing free schoolbooks in the State of Louisiana.

To put this provision in here, that you cannot discriminate because of religion, lays the whole program open. If someone is providing a book or service to a child attending a parochial school, that may be discrimination based on religion.

I recall how the whole problem arose in Louisiana many, many years ago because I read about it. Back at that time the problem arose for a Governor who was trying to provide schoolbooks to children. As a practical matter it would have very greatly reduced the support for that proposal if he were not able to provide books to those little children going to Catholic schools. One could expect the Catholics, therefore, to be against the program because they paid their share of taxes and would not be permitted to share in the benefits.

If you were going to do this for children you needed to be able to do it for Catholic children as well as for those who did not attend the parochial schools.

Otherwise, politically it was not feasible.

When you provided books to all children, you were then accused of favoring or, at least, violating the separation of church and state. So it was necessary to win that lawsuit in the Supreme Court to prove that you could provide the service to all children regardless of where they happened to go to school.

I do not know why we would want to tie up a revenue sharing bill with all these uncertainties. No one can tell you at this point what the Court is going to hold in reference to all that. There is a whole area of reverse discrimination where you start out trying to say that women will have equal pay for equal work and then you find that you are being sued by men who contend they are being discriminated against because they are not getting the corresponding rate that was sought to provide equal pay for women. There is also this area where you try to say that you are going to see that one is not discriminated against because of race and then the way the case develops in court it is just the other way around. The white man sues and contends he is being discriminated against because someone of another color was hired and he was not considered be-

cause, in that case, he was of the wrong color, white rather than black. Then there is this problem involving religion where one contends that he was discriminated against because he was a member of a religious group rather than because he was not, or vice versa.

All of those things, Mr. President, present more potential and more ways to hold up someone's revenue sharing than the mind of man can conceive here in the Senate today. I do not think there is a single Senator who can conceive of even 50 percent of the various bases upon which one can file a suit and tie up revenue sharing money. If we look at all the different ways in which one can raise the issue either directly or indirectly, either of discrimination or reverse discrimination, and at this point no one knows how the courts are going to rule on discrimination, we just do not know what the limits of these provisions will be. Now we say you cannot discriminate based on race. That is in the bill, and that we support.

Then you cannot discriminate based on sex, and no one can tell you right now what all that is going to mean, but that is an additional burden on the communities. Then you are going to add that you cannot discriminate based on age, and no one can tell you all that will lead to.

Then you cannot discriminate based on a person's ability or disability. No one can tell you what that is going to lead to. You cannot discriminate on the basis of religion, and no one can tell you what that is going to lead to. It gets down to this point: Do you want these people to get some money or not?

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

Mr. LONG. I yield.

Mr. ROTH. I am concerned, as the distinguished Senator from Louisiana is, that this is going to bring great uncertainty into this whole picture. It seems to me that there are two things we have to bear in mind. No one really knows what the effect of the so-called Gravel amendments will be.

As the Senator from Louisiana has pointed out, it means that much of this is going to end up in the courts, to be litigated, and the funds are not going to accomplish the good they have accomplished in the past.

We recognize the fact that many valuable services are being provided by religious groups—the Catholic Church, the Protestant, as well as the Jewish.

With respect to changing or modifying the language which was very carefully drafted 5 years ago, when the legislation fire came up, Mr. Celler, who was chairman of the Judiciary Committee, purposely kept some of these words out because of these inconsistencies and the lack of precision.

It seems to me—and I ask the Senaator from Louisiana whether he agrees—that a second negative effect of the language in these amendments is that it not only puts it into the courts, but also, many States and many administrators are going to be afraid to make these funds available to the religious and other institutions, for fear that it is illegal or that the courts will rule against them and that, as a result, these services that are being provided by churches and other groups—lunches, safety, and buses for children—may be stopped.

There also is the problem of fundibility and the question of what the State or the community, if the revenue funds become part of the State or community funds, is going to do with those funds.

These are questions no one can answer with certainty. Does the Senator agree with that?

Mr. LONG. Yes. In other words, the question is, Do we provide a social service? Do we try to do something for our aged? The Senator is right.

One might say: "I would like to help these old people, but we might be sued, and we better not take that chance. So the safe thing to do is not to use any of this money to help these old people. We would like to do something to help alcoholics. Alcoholism can be regarded as a disability. We would like to do something to help redeem alcoholics, but we might be sued, so we better not get involved in that. That might be regarded as discrimination based on disability."

We might want to do something to help children, for instance, develop a program for physical fitness for little children. The playground we would like to use for that purpose is owned by the YMCA. That stands for Young Men's Christian Association. We had better not do that, because we might be sued, because that is a YMCA playground or a YMCA gymnasium. The safe thing to do is not to get involved in any of this.

With all that, the town or county then is confronted with the problem of trying not to put money into anything that will help young people or old people or the disabled.

If we think of all the problems and bases upon which these people can be sued, just based on existing law—race, color, national origin, or sex—nobody can tell where the court will wind up. Now, it is proposed that we put in restrictions on age, handicaps, and religion, and that raises the question, "Are you ready for revenue sharing? Do you want the people to have the money or not?"

I think the House committee chairman would tell most of us forthrightly that his view is that he does not want them to have the money, anyhow. I have shared the platform with the House chairman, Mr. JACK BROOKS, and he has spoken out against revenue sharing. He compared the program to a snake. He said, "If you see a snake, you ought to kill it at any chance you get." He indicated that if he could, he would kill the revenue-sharing program. Having failed to find the votes to kill the program directly, we see all these strings being added, which to me present an insurmountable burden for one to be sure he will get the money.

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

Mr. LONG. I yield.

CRIME CONTROL ACT OF 1976

Mr. McCLELLAN. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 2212.

The PRESIDING OFFICER (Mr. CULVER) laid before the Senate the amendments of the House of Representatives to the bill (S. 2212) to amend the Omnibus Crime Control and Safe Streets Act of 1968, as amended, and for other purposes.

(The amendments of the House are printed in the RECORD of September 2, 1976, beginning at page 28965.

Mr. McCLELLAN. Mr. President, I move that the Senate disagree to the amendments of the House, that the Senate request a conference on the disagreeing votes of the two Houses thereon, and that the Chair be authorized to appoint conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. McCLELLAN, Mr. PHILIP A. HART, Mr. EASTLAND, Mr. KENNEDY, Mr. ROBERT C. BYRD, Mr. HRUSKA, Mr. HUGH SCOTT, Mr. THURMOND, and Mr. WILLIAM L. SCOTT conferees on the part of the Senate.

STATE AND LOCAL FISCAL ASSISTANCE AMENDMENTS OF 1976

The Senate continued with the consideration of the bill (H.R. 13367) to extend and amend the State and Local Fiscal Assistance Act of 1972, and for other purposes.

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

Mr. LONG. I yield to the Senator from Massachusetts.

Mr. BROOKE. I just want to make it crystal clear to the distinguished chairman of the committee that I am for revenue sharing. I do not want to do anything in any way to hurt revenue sharing. I would like to see it continued, I would like to see its funding increased; and I want to see this bill passed. I think that is also true of the distinguished Senator from Alaska who has proposed these amendments.

As I understand it, we are not trying to write new law. All we are trying to do is to track the existing law in this bill.

The House passed this measure with nondiscrimination provisions for the aged and the handicapped and a nondiscrimination provision with respect to religion. I do not know whether they included attorneys' fees or not, but certainly they had the other provisions in the language of the bill. It is my understanding that the Finance Committee deleted these sections. And that is why we do not have it before the Senate at the present time.

But let me again emphasize that the provisions passed by the House and contained in our amendments restate the existing law.

Why does the Senator feel that we have any more difficulty with having antidiscrimination language in the revenue-sharing bill than in any other legislation that we have or have had before Congress?

Mr. LONG. Let me read the existing law:

No person in the United States shall, on the ground of race, color, national origin, or sex, be excluded from participation in, be

denied the benefits of, or be subject to discrimination under any program or activity funded in whole or in part with funds made available under subtitle A.

That is fine; that is the existing law.

The House bill then proceeds to add to this the provisions as to age, disability, religion.

When all those are added to it, it sets the stage for so many bases upon which the money can be tied up and so much uncertainty as to what the money can be used for that it very drastically and severely limits what can be done with this money in order to help people or to benefit those in a community.

I do not think any Member of the Senate has more consistently tried to help the disabled than has the Senator from Louisiana. When I came to the Senate 28 years ago, I was leading the charge to provide that disabled people be protected under public welfare, and we got that. I fought to have them protected under social security. Then we fought to see that we would get them under medicaid and medicare. I support all those things.

However, when we think of all the bases upon which people can sue, we can see the problem. For example, one can sue the community and say:

You have a program over here for a sheltered workshop for disabled people. They have certain guidelines by which they decide who should get the benefits. Now, I am not permitted to participate in that program; therefore, I am being discriminated against.

So you can sue to say:

The revenue money should be held up because they are discriminating against me based on disability. I have some slight disability, not enough to bring me into the guidelines they have for the sheltered workshop.

Just as the Senator from Delaware points out, people say:

Look, the best thing to do is not put money into a program like that; then they cannot sue for it. Then they cannot hold up the money.

The same type of thing applies to people in a great number of other areas.

For example, here came in good people speaking for the Catholics with regard to their parochial schools, and speaking for certain Jewish people whom they represent, to say, "All right, we have people here who have a nursing home," or, "We have a home for aged people." They are Catholics, maybe somebody else is Jewish. They say, "All right, we are going to take care of our own before we take care of others."

That is definite discrimination based on religion. Then you seek to provide services to all people in the community who are disabled or who are aged and you would like to provide them a social service.

Mr. BROOKE. But that is out of the Gravel amendment, as I understand it.

Mr. LONG. There is no way we can take that out of it.

Mr. GRAVEL. If I may correct the Senator, that is existing law.

Mr. LONG. I understand that there is an existing law that does not apply to local government at this moment, which the Senator from Alaska would like to make applicable to this.

Now, there is going to be enough litigation on this law the way it stands now, without holding up revenue-sharing money for it.

Mr. GRAVEL. That is not the law I am talking about. I am talking about the Age Discrimination Act of 1975. It permits an old folks' home to discriminate for old folks. That is built right into the law. So nobody is going to be able to say:

You know, I want to be an old folk and I am being denied something.

Unfortunately, my colleague is bringing in religion and other matters which are really not germane to this amendment. If we stick to aged and handicapped, I think we can be precise.

Mr. LONG. That is age only and has nothing to do with handicapped.

Mr. BROOKE. But there is also the Rehabilitation Act of 1973.

Mr. GRAVEL. That is right. The specter that is being raised is false. In fact I want to focus on that one point. It gets to the guts of the opposition. First, there is uncertainty here and the fear that people are going to be denied their funds. That is not the case at all. Let us just back up and say, in reference to the comment that the only safe thing to do is not take the funds—the motivation behind all of this is the fact that there exists some discrimination. That is the motivation. So, if there is a safe thing to do, it is to not discriminate. If you want the money and you are discriminating, you are not going to be able to do it.

Understand one thing: My colleague from Louisiana repeated on three different occasions, "File the suit and tie up the funds."

Another comment is that the money will be held up. Let me make it abundantly clear: There is no money held up as a result of this amendment. To hold up money—and I hope no one will come in with the homily that one old blind man is going to be sued by another guy who is not blind. Let us be very clear that you cannot hold up these moneys by merely filing a suit. You have to win your suit. A responsible Federal judge has to come in and say, "Hey, you have discriminated"—which was the case in Chicago, where there was discrimination in the police department. The Treasury was doing nothing, and it took a Federal judge to make them hold up the money.

We would not have legislation here if the Department of the Treasury had done its job under existing law. But it has not. That is why we have to be precise and take them by the scruff of the neck and stick their nose in it and make them obey the law.

Mr. BROOKE. And there must be a finding of noncompliance.

Mr. GRAVEL. By the Secretary of the Treasury, no less a person. So we are not talking about holding up money through some capricious misunderstanding or by somebody who has a beef against the city, or municipality, or State. It has to be done by the Secretary of the Treasury or an administrative law judge, or brought to Federal court and have a finding of some Federal court.

There is no room for irresponsibility here. If it goes through that due process of law and these responsible people find discrimination, is it so much to ask that now we can say, "You cannot use your funds?"

Here is what happens to the funds. The funds are escrowed. It is not taken away from them. It is not in permanent damage. They are escrowed until they stop discriminating.

To answer a question like that of my colleague from Louisiana when he says, the only safe thing to do is not take the money—you know what the only safe thing to do is? Stop discriminating. Then they can have the money like everybody else.

Mr. BROOKE. Will the Senator yield?

Mr. GRAVEL. Yes, I am happy to yield.

Mr. BROOKE. As I understand it, and I think the Senator from Louisiana is correct, the House bill, as such, is so loosely drawn that I can understand why he cannot accept it. But the amendment of the Senator from Alaska, I think, tightens it up. Under the language of the Gravel amendment, I think the Senator from Louisiana would take that amendment and the one on religion because we have corrected the discrepancy left in there by the House language, which, admittedly, was loosely drawn.

Mr. LONG. Mr. President, here is a provision on nondiscrimination under Public Law 93-112 regarding the handicapped. It says:

No otherwise qualified handicapped individual in the United States, as defined in section 7(6), shall, solely by reason of his handicap, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.

If we accept the Gravel amendment, the bill will proceed to provide a procedure whereby an individual can apply to the Secretary of the Treasury, and the Secretary of the Treasury must decide this matter. Thereafter the complaint can be argued before an administrative judge and funds can be held up if discrimination is found to exist.

Now, if the individual is not satisfied with that, he can hire his own lawyer and sue the community because he is not satisfied and can take that matter to court. The Senator has another amendment for the Government to be required to pay the cost of the lawyer.

Furthermore, I refer to page 55 of the bill, new section 122(f) of the revenue sharing law:

"(f) AUTHORITY OF ATTORNEY GENERAL.—Whenever the Attorney General has reason to believe that a State government or a unit of local government has engaged or is engaging in a pattern or practice in violation of the provisions of this section, the Attorney General may bring a civil action in an appropriate United States district court. Such court may grant as relief any temporary restraining order, preliminary or permanent injunction, or other order, as necessary or appropriate to insure the full enjoyment of the rights described in this section, including the suspension, termination, or repayment of funds made available under subtitle A, or placing any further payments under subtitle A in escrow pending the outcome of the litigation.

Mr. PASTORE. May I ask a question for clarification?

Mr. LONG. Yes.

Mr. PASTORE. We usually indulge in generalities here and talk around the mulberry bush, and we never seem to get at the meat of the nut. I have been sitting here now for almost an hour, and I heard the discussion about religion, Catholicism, and that sort of thing.

In my State, there is a place known as Villa Scalabrini. I had a lot to do with the establishment of that. It takes care of people mostly of Italian descent, and the institution is run mostly by nuns. What does that have to do with this bill or this amendment?

Mr. GRAVEL. I shall help my colleague.

Mr. PASTORE. I do not want any help, I just want a little explanation.

Mr. GRAVEL. That is what I intend to do. I assume a little explanation would be of some help.

Mr. PASTORE. It would be a help to greater understanding.

Mr. GRAVEL. That is our goal, better understanding through knowledge, so we can make better decisions.

Here is how it would affect that nursing home that would cater to, let us say, an Italian clientele. It would still be the decision of the local authorities if they wanted to have the money go to this nursing home, either State or local government. They would turn the money over to help out the nursing home, either for a hot lunch program or whatever type of program was decided upon. They could receive that money.

At the same time, the home could discriminate toward Italian Catholics if they chose. If they have so many beds, let us say 100, and they have 500 people on the waiting list, they have every right to turn around and say, "We are going to take the first 100 Italian Catholics into this old folks' home, because this is the reason we, as nuns, have founded this home, to take care of good Italian Catholics until they go to their greater reward." There is nothing to prevent that.

Mr. PASTORE. Wait a minute. Let us take this step by step. Would you mind doing that?

Mr. GRAVEL. Nothing will stop that.

Mr. PASTORE. Let us take it step by step. This institution is already established. This institution does exist. I would dare say that 100 percent of the elderly who are there, men and women, are of Italian descent, and they are being provided for by these Nuns of Mercy who do a marvelous job.

Do you mean to tell me that without the Senator's amendment or with his amendment if we had a hot lunch program that would apply to them in this particular case because they are all nuns and all Catholics, and it is not open, let us say, to the Protestants or the Jews or whatever the case might be that the practice has been, that this is a home for the Italian aged, that in that particular case you could not have the hot lunch program?

Mr. GRAVEL. No; that is the point I am making, you see, because we are doing——

Mr. PASTORE. Will somebody explain that?

Mr. GRAVEL. The reason is we are doing no more than existing law. Existing law permits what you are trying to arrive at. The Senator voted for that existing law when it came into being in 1975. So we are not trying to do any more than what is in existing law and what existing law has done.

What is tragic is that the Finance Committee has backwatered from the level we have arrived at in existing law. We are not writing new law, we are writing existing law, and it permits your Italian old folks home to use Federal moneys for a hot lunch program or other program areas they may choose if the Senate will approve my amendment.

Mr. LONG. Let me put it my way. The way I read the amendment, it says if the Federal Government wants to make a grant to that home, because there is a religious aspect to it or racial aspect to it, and they tend to prefer their own kind in determining who may be a resident, that home should not participate in a Federal program that helps to pay part of the cost of it.

We then get to point No. 2, and regardless of what the final holding is, you have these uncertainties. You never know what the court is going to hold until the matter is decided by the court.

Another point is that the locality takes its money and puts it into its operating budgets. Then there is a lawsuit which says that all the revenue-sharing money ought to be held up because the locality is discriminating in providing some of this money to an organization which is clearly discriminating in favor of a certain racial group or certain group with the same national origin or discriminating in favor of people of the Catholic faith.

Mr. PASTORE. May I take it one step further. Let us assume you have a parochial school and in that case they happen to be 100 percent of the Catholic religion. In that particular case what would happen if the city or town that school happens to be in would allow them to come in on a hot lunch program?

Mr. LONG. The same problem.

Mr. GRAVEL. I could read the Senator the specific language.

Mr. PASTORE. There you are confusing, confusing. You disagree with that?

Mr. GRAVEL. Very strongly.

Mr. LONG. That is why this witness came up here to testify on behalf of the U.S. Catholic Conference that from their point of view they can see how this amendment could mean that these little children who go to a Catholic parochial school could not participate in a free lunch program if the city was putting some of its money into it, and they could not participate in, let us say, bus transportation the city might be providing to get the children to and from the school on the ground it could be contended that this amounted to helping someone who, in turn, favored their own religious group in terms of the fact that most of the people they selected—not all, but most of the people they selected—were people of a particular religious faith because that is why the school was established.

Mr. PASTORE. Do I understand the Senator correctly that the representatives of the Catholic Conference are opposed to the Gravel amendment?

Mr. LONG. And came up testifying against it.

Mr. GRAVEL. That is not the amendment we have before us; that is not so.

Mr. LONG. That is what the House had in its bill, which is basically what the Senator is seeking to do here.

Mr. GRAVEL. That is not the amendment we have before us.

Mr. LONG. It is the point that the Senator from Delaware is making, and I do not see any way out of this: If one is receiving a substantial amount of revenue sharing where it is important to them, and if any of this money directly or indirectly finds its way into benefiting that little school you are talking about or that old folks home you are talking about, you know you are subject to being sued, and you do not know for certain how the thing is going to come out, then what is the tendency of the average public official? The average official might say, "Don't give that school any money because if you give them some, you could be sued." So you do not know what to expect.

Mr. PASTORE. Let us get away from a parochial school. Let us take a Hebrew school.

Mr. LONG. The same thing.

Mr. PASTORE. Yes.

Mr. GRAVEL. What the Senator is doing is arguing against existing law. He is not arguing against my amendment; he is arguing against existing law. If the Senator's Italian old folks home is surviving under existing law and these white or black schools are surviving under existing law, my amendment does nothing more than existing law.

What the Senator is trying to do is to make a case, he is arguing against the 1975 act. It is like we have a deja vu.

We are now having the debate under the 1975 handicap bill. This is a debate that should have taken place last year, not this year. The Congress passed the bill, the President signed this into law, and now we are rearguing it. What we are saying here to the Secretary of the Treasury is, "Mr. Secretary, these are Federal funds. We have already got a piece of legislation that covers that. But, Mr. Secretary, you have not done your job."

Mr. PASTORE. Mr. President, will the Senator yield? Is the Senator saying then the bill as reported from the committee vitiates existing law?

Mr. GRAVEL. Exactly, because it backs away——

Mr. PASTORE. Does it?

Mr. GRAVEL. From the ground we have acquired, and that will create great confusion in the courts. So when my colleagues say that we will have a lot of onerous lawsuits, let me tell you if we do not make it abundantly clear it is wrong to discriminate in this country we are going to have a lot of suits occasioned by this. I do not think the Congress wants to go backward. It should at least want to hold the line and go forward.

Mr. LONG. Mr. President, do I have the floor?

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

Mr. LONG. It is just this simple. You have existing law for grant-in-aid programs which provide that you will not discriminate based on disability, you will not discriminate based on age, you will not discriminate based on national origin, you will not discriminate based on several items, so you have those limitations on grant-in-aid programs.

All right. Now, the question is, do you want to extend that limitation because you give somebody some revenue sharing money? That is basically what we are talking about.

Mr. PASTORE. No. Is it the question of extending it or including it? Why should we not include in revenue sharing the same philosophy we have included in the grant programs? It is still the money of the Federal Government being paid over to a municipality or to a State. Why should not the same rule apply? Why are we making a distinction here?

Mr. BROOKE. The House thought it should apply and included it in the language.

Mr. GRAVEL. The Senator has touched the heart of the problem.

Mr. LONG. There is a lot of uncertainty in this program, and why we want to extend more uncertainty over to the local communities than we have now is the question. If they come in for a Federal grant and they get a grant for this purpose, yes, that is the case. But under the revenue sharing law, some of us would like to think that is just as much their money as if their own taxpayers had paid it to begin with, and some of us really think in fact that is how it is. It is as if their own taxpayers paid it.

Mr. BROOKE. Why should the revenue-sharing bill be sacrosanct? Why should it be exempt from antidiscrimination language? There is no justification for it at all.

Mr. LONG. The same argument would apply to adding every limitation that exists on a grant-in-aid program to revenue sharing. I do not think it ought to be that way, and up to now, generally speaking, we have not done that.

Now, we have acted in regard to two very touchy subjects. We said:

All right, we will impose a restriction with regard to civil rights and we will impose restrictions with regard to sex.

We have resisted restrictions regarding these other things.

Mr. BROOKE. But we have had two other limitations. We enacted the Rehabilitation Act in 1973, and we enacted the Age Discrimination Act in 1975. Why should they not now be included in the revenue-sharing bill? That is only fair.

Mr. LONG. Well, the question is to what extent do we want to dictate to and run these local governments by virtue of the fact that they are getting some of their own money back. That is money they paid which is being recycled back to them.

Why do we want to try to dictate what they can do with their money and add uncertainties to their programs and tie them up in so much litigation?

Mr. BROOKE. Why do you do it in grants-in-aid?

Mr. LONG. They might just be inclined to say, "Just forget about the money."

Mr. BROOKE. Why do you do it in grants-in-aid? Is there any difference?

Mr. LONG. A great deal of difference. Grant-in-aid-money has been regarded as being entirely a case of the Federal Government determining whether we pay for an activity directly or for a part of it, and it is fully understood in grant-in-aid programs. It comes with strings attached, and we usually put a great number of strings on it.

Mr. BROOKE. I would just like to say to the distinguished chairman of the committee, as I prefaced my earlier remarks, I am a strong supporter of revenue sharing, I think most of us in the Senate are strong supporters. But I must commend the Senator from Alaska for proposing these amendments. They are sound. They merely make revenue sharing keep pace with antidiscrimination law in this country. It is not doing any more.

It is not extending it. It is including it, and it ought to be included.

The Senator said himself that the legislation includes the Civil Rights Act. Fine. But the Senate and the Congress in its wisdom adopted the Rehabilitation Act in 1973, as I have said, and the Age Discrimination Act in 1975.

Why do we not now, since we have passed these very important, very necessary, and very useful pieces of legislation, make revenue-sharing funds subject to them as well as any other funds?

I just cannot see any justification for leaving revenue sharing out. Apparently, the House did not see any such justification.

I cannot understand why the Finance Committee deleted this from the bill that came before the Senate.

I hope the Senator from Alaska's amendments are adopted. I think if they are not, it puts us far back, really, in antidiscrimination law. It would be an injustice to the disabled in this country. It would be an injustice to the aged in this country. And it would be an injustice generally insofar as this important money is concerned.

So I hope the Senator's amendments will be adopted.

Mr. GRAVEL. Mr. President, I would like to reply briefly, just to comment.

I think the Senator from Rhode Island rendered a distinct service to the Senate, because we are trying to grab at the hub, the nexus, of this entire situation.

What this really, simply, is about, is that we want to take Federal funds and use a different criterion. For revenue-sharing funds, we want to use a special criterion—for normal grant funds, Mr. President, a normal criteria.

The normal criterion for grant of Federal funds with respect to existing law, is very simple: We cannot discriminate. What we are going to see is backing away.

Also, in the Federal activities we can undertake, there is one little part of the law that says, "Well, we're going to fudge on that and not make it very clear and purposely leave it out."

I think when my colleague from Louisiana states that there is going to be uncertainty, there is surely going to be a lot of it. And unfortunately, I feel it would be a step backward.

One quote my colleague made was, "Look at the potential."

I think what he was going to say was, "Look at the potential. Some people could really hold up a lot of Federal courts in the normal situation."

Let me say, we do have a potential. That potential is to do something very good or to permit something very bad to continue in this country.

Congress opted time and again to do something good.

Mr. President, I would like to send to the desk another amendment and ask that it be taken up. Would that be in order, or how should we go at that parliamentarily?

The PRESIDING OFFICER (Mr. HUDDLESTON). That is in order, pursuant to the agreement.

UP AMENDMENT NO. 451

Mr. GRAVEL. Mr. President, I call up my second amendment.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Alaska (Mr. GRAVEL), for himself and Mr. BROOKE, Mr. JAVITS and Mr. KENNEDY, propses an unprinted amendment No. 451.

Mr. GRAVEL. 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 58, line 16, strike out the quotation mark and the period which follows and immediately after line 16 insert the following:

"(e) ATTORNEY FEES.—In any action under this section to enforce section 122(a), the court, in its discretion, may allow to the prevailing party, other than the United States, reasonable attorney fees, and the United States shall be liable for fees and costs the same as a private person".

Mr. GRAVEL. Mr. President, allow me to explain to my colleagues what we are doing in order to accommodate their interests: we will discuss all three amendments briefly. We have just completed one. Then we will have three rollcall votes in a row, three short rollcall votes, and we will have the entire issue dispensed with.

Mr. President, this amendment to H.R. 13367 provides that the prevailing party, in a civil suit brought to enforce civil rights compliance in the use of general revenue-sharing funds, may be awarded, by the court, reasonable attorney fees.

While H.R. 13367 gives explicit recognition to the right of citizens to bring civil suits in Federal court to prevent discrimination in revenue sharing, it fails to permit courts to make awards of attorney fees to the prevailing party in discrimination cases, although the House Government Operations Committee voted to allow such fee awards.

Mr. President, this amendment speaks to the problem of enforcement of our laws. Congress has placed a high priority on protection of civil rights for our citizens. The Congress has continually instructed the executive branch and the courts to use the broadest and most effective remedies to achieve the goals of

our civil rights laws. Yet the record of enforcement is almost embarrassing. The House Judiciary Subcommittee on Civil and Constitutional Rights held oversight hearings on the civil rights aspects of revenue sharing and uncovered repeated instances of discriminatory conduct and nonenforcement of the existing prohibitions on discrimination. These findings have been substantiated by the U.S. Commission on Civil Rights and the National Revenue Sharing Monitoring project.

One of the best means of securing enforcement of these laws is to enable an aggrieved citizen to act as a "private attorney general." In effect, that citizen would be securing his legal rights through the courts and enforcing the congressional intent of a civil rights statute. It strikes me as an exciting prospect that private citizens should have the tools to enforce the laws in an area which is so very basic to the conduct of a free society. This principle is already recognized in other civil rights statutes including those dealing with housing, education, and employment. Let me state again, this is the existing law in those areas, housing, education, and employment.

The sad fact of the matter is that not everyone can afford adequate legal counsel, particularly those who are victims of discrimination. It is up to the Congress to provide the tools that will allow our legal system to work for all citizens.

My amendment provides one of those tools. It is necessary that the Congress grant express authorization to allow an award of attorney fees. The Supreme Court in Alyeska Pipeline Service Co. against the Wilderness Society held that only Congress can designate which laws are important enough to merit an award of attorney fees under the "private attorney general" concept. This amendment is in response to that decision.

An award to the prevailing party assures that a person who has been deprived of civil rights under revenue sharing shall have the opportunity to engage adequate legal counsel in pursuing the enforcement of the statute. We must act today to specifically allow courts to make such awards—for our failure to do so may preclude many victims of discrimination, under this program, from adequate relief.

Finally, I want to point out that the Senate Finance Committee was evenly split 9 to 9 on this amendment.

Revenue sharing is part of a national effort to retain leadership responsibility in State and local governments. I hope the Senate will act favorably on my amendment which will enable citizens to exercise a leadership role in the enforcement of their civil rights.

Mr. BROOKE. Will the Senator yield?

Mr. GRAVEL. I am happy to.

Mr. BROOKE. Mr. President, I rise to support this amendment as a necessary tool if we are to enforce the nondiscrimination provisions in the revenue-sharing legislation.

This amendment is nothing unusual. We have specific legislation where attorney's fees are allowed in such areas as housing, employment, and education.

These fees must be reasonable, and they are only awarded by a court of competent jurisdiction.

If we are going to have this right of nondiscrimination, as we should, in revenue sharing, then the only way for us to insure that the law will be enforced is to award reasonable counsel fees to plaintiffs who have been discriminated against. I certainly hope, and I think the Senator from Alaska has made a strong case, that the Senate would sustain and uphold his amendment which, as I have said, is a vital tool if this legislation is to be effective.

Mr. GRAVEL. Mr. President, I ask that Senators Bayh and Biden be added as cosponsors of the amendment.

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

Mr. LONG. Mr. President, this amendment would provide an additional procedure other than that which exists already by law. Those who might feel discriminated against, would be able to sue any government and claim that they were being discriminated against because of race, they could sue and claim that they are being discriminated against because of sex, and, in addition to that, they would be able to sue and claim that they were being discriminated against because of age and have the money held up.

They could sue that they were being discriminated against because of disability, because someone who has a different disability is being favored over them. They could sue and claim discrimination on a religious basis, or on the basis of separation of church and state they could claim that the money is not properly spent, either as involves them or as involves someone else.

In addition to that, Mr. President, we already have a program for the Federal Government to provide lawyers for the poor under the old poverty program, I believe it is now referred to as the Legal Services Corporation, and we have the State laws that let people sue without advancing court costs, by suing in forma pauperis, and we have the ancient and honorable principle of a judge appointing a lawyer to sue on behalf of an indigent client. We would now have a new proposal whereby the Federal Government would pay the cost, or else the community would have to pay the cost, of someone hiring a lawyer to sue it on these different bases in the event the case was successful, the cost as allowed by the judge.

All of those things are enormous burdens to place on the program, Mr. President. It tends to bear out the prediction of Mr. WILBUR MILLS when he used to speak to the legislatures and tell them they are going to make a mistake if they ask for this revenue sharing because the Federal Government would in time insist on controlling everything about these local governments. The Federal Government would be dictating to them what they are going to do in every respect from beginning to the end, supervising in the utmost of detail how they could spend their money, invading the decisions that would properly be those of local governments, and using this leverage of revenue sharing to do it. I must say if these amendments are agreed to, in my judgment, we will go a long way in that direction.

Mr. BROOKE. Will the Senator yield?

Mr. LONG. Yes.

Mr. BROOKE. I want to reassure the Senator that first of all, when we restrict the counsel fees to the prevailing parties we really prevent frivolous suits. If the individual brings a frivolous suit that individual may be called upon to pay the counsel fees and the court costs themselves. So I think we need not fear frivolous suits.

The Senator has said consistently: Why subject these local governments to this? My response is: Why should we not subject local governments to it? We have antidiscrimination laws. We do not want discrimination by private concerns. Who best should be the ones not to discriminate and to set the example in this country than the government itself? If anybody should be called upon for nondiscrimination it ought to be the government: the Federal Government, the State government, the county government, and the local government. It seems to me we cannot justify in any manner not requiring that Federal funds be used in a nondiscriminatory way, whether it applies to national origin, race, religion, age, sex, color, or disability. That is all we are trying to do. We have passed those laws. Thank God, we have passed those laws. All we are saying in these amendments is that it ought to apply to revenue sharing as well. How can we justify saying, "All right, we are going to give you Federal Government money but you do not have to abide by the law because you are the government."

How can we justify that? There is no justification for it whatsoever. I just want to assure the distinguished Senator from Louisiana that he has no fear about frivolous suits or counsel fees because counsel fees have worked very well without frivolous suits, as I have said before, in employment, in education, and also in housing. I say to the Senator that we need it in this revenue sharing more than any place else, because this is a coverall. These funds are used for a variety of purposes. There should be no discrimination in the use of these funds. I thank the Senator for yielding.

Mr. LONG. Mr. President, this adds three more conditions to comply with. And mind you, the committee has already required compliance with the Davis-Bacon Act under certain conditions, and we have a civil rights provision in the bill as we have in the original act. We also have a provision barring discrimination on the basis of sex. I agree with that.

In addition to imposing three more conditions, it will be more profitable for the lawyers to sue recipient units of government.

There are poverty lawyers already available and who can already sue in forma pauperis. If we buy the argument that is being made for these amendments, Mr. President, we might as well go ahead and take any condition under any grant-in-aid program and make that a part of revenue sharing.

When revenue sharing was originally proposed we were led to believe that it would be free of many of the strings that were on the grant-in-aid program. I submit that anyone looking at revenue sharing now, be it a mayor or be it a county

commissioner, is going to be very much dismayed to see that more and more strings are being added to the revenue sharing program, making it look more and more like a grant-in-aid program. That is precisely what they hoped to avoid.

Mr. GRAVEL. Mr. President, we are trying to do no more than what present State law does. That cannot be too revolutionary in this area. In a situation in Mississippi, we have a case where the State courts have awarded a judgment against the NAACP for a 1966 boycott. The NAACP will have to come up with $1.2 million. Of that award, $300,000 is for attorney fees. So this sword cuts two ways.

My colleague says that we already have programs that provide lawyers for the poor. That is right. The Congress has already spoken to that issue. What we are asking here is for considerably less and, in a sense, something that is considerably less onerous. There might be some attorney who the Government has hired for the poor who may be irresponsible, may be overzealous, who might bring frivolous suits, and we would be using tax money to pay for that.

That is not what we are asking for. Here is the test that must be met. They have to win in the court case. They are not coming in with a lot of hairbrained cases. They are coming in after they have been through the Federal process, after they have been through a Federal court, and after the judge has said that the case is just, that there is discrimination. The Government lost and, therefore, the plaintiff should get some fees.

That is one heck of a test. If someone meets that test, if there is a citizen who comes forward with an attorney, who is prepared to subject himself to that test, the test of being right as determined by a Federal court, then that individual ought to be paid and applauded for what he has discovered and the fact that he now has a remedy. That is all we are asking for here.

If I, as MIKE GRAVEL, were to be wronged by someone and I sued him in court and won my case, as a human being under our law I would be entitled to get some of my legal fees as a remedy.

Why can we not use those same rights on this? We ask no more than that.

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

Mr. GRAVEL. I am happy to yield.

Mr. RIBICOFF. I wonder if I could have the attention of the chairman as well as the Senator from Alaska.

What bothers me, of the Senator's three amendments, is the one on religion. Taking my own experience in my own State of Connecticut, practically every religious group maintains either a home for the aged or day care centers for children. Some have religious schools. Invariably they are set up in neighborhoods, ethnic, if you will, where people in that parish, of that religion, reside and go to church.

Is there anything in the amendment of the Senator from Alaska that would strike down any benefit from a group in a Polish neighborhood, for example, that had a Polish school or home for the aged, where the residents were all Polish, or an Italian neighborhood, or a Swedish group, or a Jewish group? Is there anything in the Senator's amendment that would exclude them from getting benefits under revenue sharing?

I would like the comments of both the chairman and the Senator from Alaska as to whether these would be consequences of his amendment.

Mr. BROOKE. Mr. President, will the Senator from Connecticut yield?

Mr. RIBICOFF. I do not have the floor.

Mr. GRAVEL. I yield to the Senator from Massachusetts.

Mr. BROOKE. The language has been modified. I do not know whether the Senator from Connecticut has this new language. The language of the House measure was not satisfactory where it referred to that provision.

The language we have now is:

On page 47, line 25, immediately after the period add the following: "Any prohibition against discrimination on the basis of religion—

And these are the key words—

or any exemption from such prohibition, as provided in the Civil Rights Act . . . shall also apply to any revenue sharing program or activity.

The cases that the Senator names are exemptions under that act, existing exemptions under that act.

Mr. RIBICOFF. In other words, under the act, if you had a home for the aged, a Polish home for the aged, a Hebrew home for the aged, or an Italian home for the aged which had been basically supported over the decades by one racial or religious group, and the inhabitants of that home were practically 100 percent of that religious group, they would not be in violation if we adopted the Gravel amendment?

Mr. BROOKE. The Senator is correct; they would not be in violation. They are entitled to revenue sharing funds, and would still receive revenue sharing funds under this amendment.

Mr. RIBICOFF. Then what does the chairman fear?

Mr. BROOKE. I do not know. I think the chairman fears the House language, but not the language of this amendment.

Mr. LONG. Mr. President, the uncertainty that one is confronted with already is further compounded by adding the word "religion" to the provision, it is further compounded by adding the word "disability," and also further compounded by adding the word "age" to the provision, so that more and more it tends to put revenue sharing on the basis of a grant-in-aid program; and frankly, what people are going to find if they are confronted with all these uncertainties is the point raised by the Senator from Delaware (Mr. ROTH): They are just going to say, "Don't put any money into this kind of thing; if it subjects you to litigation, don't get involved with it, and then you will not be subjected."

As a civil rights matter based on race, that is in present law, we do not quarrel about that. The governments are complying with it, and that is fine; we expect them to continue to comply with it. But when you put all these additional uncertainties in with regard to age, religion, and disability, and then proceed to pay the lawyers to go fight the lawsuits on that basis in addition to what is already available under the Legal Services Corporation, the Secretary of the Treasury being able to hire lawyers to pursue the matter under section 122, and the fact that a good lawyer would take a case, if he thinks someone's civil rights are not being properly protected, just to do it for them as a public service, in my opinion, it makes it more and more into a grant-in-aid program, and that is what the communities had hoped to avoid.

Mr. PACKWOOD. Mr. President, will the Senator from Alaska yield further?

Mr. GRAVEL. I yield.

Mr. PACKWOOD. Listening to the answer of the Senator from Massachusetts, I am not sure that the question the Senator from Connecticut asked was divided properly. He mentioned Polish homes or Catholic homes or something of that nature.

Mr. RIBICOFF. Mr. President, I am taking my own experience in my own State of Connecticut, where I know how the situation has developed over the decades. Long ago they had grant-in-aid programs, civil rights programs, and revenue sharing, and it has developed over the decades, where one religious or national group would feel a responsibility to the people of that group, and they have established these institutions to take care of basic social needs, and this is what concerns me, this possible shattering of a pattern that has been a pattern for many years.

Mr. PACKWOOD. Present law prohibits discrimination based upon four factors: Race, color, national origin, or sex. I would assume that if you maintained a home for the aged to which only Polish Americans were eligible, you might be in violation of the present revenue-sharing law. I believe the Senator from Massachusetts said that would not be the case, but would that not be a violation under present law, if you discriminate on the basis of national origin?

Mr. BROOKE. I was responding on religion. That was the question, I believe.

Mr. PACKWOOD. The Senator talked about Polish homes.

Mr. RIBICOFF. In my hometown of New Britain, there is a large Polish community that, for decades, was under the direction of a very dynamic monsignor who is now dead. These were basically poor people; they were Catholics; it was a Catholic church, and he developed schools, he developed hospitals, he developed nursing homes, and homes for the aged where, generally, people from that parish, when they got old, would have a place to go to, or if they were sick they would have a nursing home to go to. It was not a question of discriminating against other people, but it just so happened that it was a Polish neighborhood and the people were Polish Catholics. In the same way, in the city of Hartford——

SEVERAL SENATORS addressed the Chair.

Mr. BROOKE. That would be legal under existing law and also under the Gravel amendment.

Mr. RIBICOFF. This becomes a very important factor in my opinion because

there was nothing in the intentions of those who are responsible to discriminate against anybody. It is just a continuing pattern where church funds have been used, tithes have been paid by people in their younger years, and now they have a home to take care of them.

Mr. PACKWOOD. If I may get down to the original amendment of the Senator from Alaska, I think if the discrimination were solely on national origin, and nothing else, not religion or anything else but solely national origin, it might violate the present revenue sharing law. The religious amendment of the Senator from Alaska, however, prohibits discrimination based on either the Civil Rights Act of 1964 or the Civil Rights Act of 1968. Those acts prohibit discrimination in three areas: Employment, housing, and public accommodations, but there is an exception. In employment, there is exception for discrimination, in essence, by educational or religious organizations. In housing, the same exception exists for religious organizations or educational organizations. For public accommodations, there are no exceptions.

So to the extent that you want a home for Catholics or a Jewish day care center, or a Jewish day school, you could indeed, and with justifiability, discriminate on the basis of religion as to whom you took in, and I favor that. I think religious diversity in this country is good; religious divisiveness is not.

But I wish to return to the amendment of the Senator from Alaska, because he premises it on the 1964 and 1968 Civil Rights Acts as to employment, housing, public accommodations, and I assume adopts by reference the exceptions of educational religious organizations in employment or in housing. Do I state that correctly? I ask the Senator from Alaska.

Mr. GRAVEL. I think the Senator not only states it correctly but very cogently.

Mr. PACKWOOD. So I think for the normal kind, and the Senator and I wish to protect exactly the same thing, these are good for America. The diversity is good for America. But I would not want to mislead the Senator from Connecticut into incorrect thinking. If they discriminated solely on the basis of national origin, took in Polish Americans of all religions, this was not a religious home at all, just Polish Americans, they might have a problem.

Mr. RIBICOFF. Generally there is a coincidence.

Mr. PACKWOOD. Right.

Mr. RIBICOFF. I know a Lutheran church. It so happens practically every member of that church happens to be Swedish. So the church sets up a home for the aging. It is the Lutheran church, but just by coincidence they are Swedish. I know another home, as I say, a Catholic church, but the members of that parish are 100 percent Polish. It happens to be in the neighborhood where for years people of the Polish descent lived. I know another place, the Hebrew Home for the Aged, and for maybe 50 or 60 years all the inhabitants of that home happened to be Jewish. So they have both an ethnic and religious background mixed in together because that is the way the community has developed. And there is no attempt to discriminate, but this is how the pattern has developed.

If we take away that pattern, we shatter a constructive element of society where people are really taking care of their own.

Mr. PACKWOOD. I am quite sure that the amendment, as based upon the 1964 and 1968 Civil Rights Act, would not and does not shatter that.

Mr. RIBICOFF. Does the Senator think Senator GRAVEL's amendment would?

Mr. PACKWOOD. I do not think it would. So long as they had a predominantly religious purpose and religious background, run by nuns, run by a Catholic church, run by a monsignor that has a prevalence of religion about it, then I think they are all right. I do not think his amendment will touch it.

Mr. RIBICOFF. Then the Senator's amendment would not strike that down.

Mr. PACKWOOD. I do not think it would, no.

Mr. BROOKE. That is true of existing law as well.

Mr. PACKWOOD. That is correct.

Mr. ROTH addressed the Chair.

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

Mr. GRAVEL. I am happy to yield to the Senator from New York.

Mr. JAVITS. Mr. President, I wish to address myself to another one of the amendments, but I do not want to interrupt the thread of this discussion.

Mr. RIBICOFF. I hope he will hold it until we finish this particular religious one and then go to Senator JAVITS.

Mr. JAVITS. As long as we have time.

Mr. GRAVEL. We have full time. I would appreciate it, since I have the floor, if we would stick to the religious issue.

Mr. ROTH. I shall make a comment in connection with questions raised by the Senator from Connecticut. The amendment proposed now by the Senator from Alaska, I think, is an improvement over what was considered in the Committee on Finance.

But the thing that really concerns me and others is the fact that no one is exactly certain as to what its effect and what its impact is, and we are dealing with, as I think the Senator has properly pointed out, very important services that all of us, I think, are in agreement should continue. I have within an hour discussed, for example, this matter with representatives from the U.S. Catholic Conference. I have talked to Protestant and Jewish groups as well. No one really has had the opportunity to study this language, and it is not drafted with such precision that anyone can say with certainty what its impact is. These are very valuable services being provided by religious groups and we should keep them. This concerns me.

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

Mr. ROTH. If I could complete my remarks, first. We should continue to provide these services. No one is in a position here today to talk about this new language with certainty. I hope they are right, and I do not think there is much disagreement.

Mr. GRAVEL. I shall respond to the Senator and say that there is a great deal of certainty. I believe the statement of the Senator from Oregon that might have indicated a lack of certainty was not with the amendment but with existing law, because all my amendment does is track existing law. It does not go beyond that. So the certainty in this amendment is very clear. If there is a problem, it is not with this amendment; it is a problem with existing law. All we are trying to do is to arrive at an area of conformity.

Mr. ROTH. I shall make one comment. The language is such that there are some lawyers who have raised some questions. They may be wrong or they may be right. But I think we are dealing with a matter of such extreme importance that I question the wisdom of adopting this language.

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

Mr. ROTH. I do not have the floor.

Mr. GRAVEL. I yield to the Senator from Massachusetts.

Mr. BROOKE. Lawyers will always ask questions. That is what lawyers are for, and I understand that. But I simply emphasize that all we are doing under this amendment is a restatement of the existing law, so there is no ambiguity at all involved in it.

Mr. ROTH. But words are not all words of precision. Furthermore, if we are merely restating what is already on the books, why is it necessary to say it once more?

Mr. BROOKE. Because, as the Senator has well pointed out, he was dissatisfied with the language that was in the House bill. He was very dissatisfied with it, when it came up to the Finance Committee; is that correct?

Mr. GRAVEL. That is correct.

Mr. BROOKE. There were many organizations that were upset, as the Senator has mentioned. So in an effort to correct that, because he did not want to exclude these groups from Federal funds, the Senator from Alaska amended this language so we say: "Any prohibition against discrimination on the basis of religion, or any exemption from such prohibition, as provided in the Civil Rights Act of 1964 of title VIII of the Civil Rights Act of 1968 shall also apply to any such revenue sharing program of activity."

That is very clear language. The Senator has corrected the mistake of the House of Representatives. I think the House of Representatives is well aware of it and will appreciate that correction.

But there is no need for an interpretation of this specific language. It merely closes a loophole that was opened by the House of Representatives in the language of their bill. That is all. Of course, it is no very small thing, and I reassure my friends from Delaware that even though lawyers might question it maybe they just want some time for the next subject we are talking about, namely, counsel fees.

Mr. ROTH. No. This has nothing to do with counsel fees.

Mr. BROOKE. No; they may want counsel fees for interpreting this language. I did not want to pay those counsel fees because the language is clear.

Mr. ROTH. No. I was talking about the representatives of various religious groups.

Mr. BROOKE. Let us assure them this language is clear and takes care of all those institutions that would be adversely affected by the House language.

Mr. ROTH. As a lawyer I recognize full well what my very able and distinguished Senator from Massachusetts is saying. The only thing I am saying is I think we should be cautious in this area because of the importance of what we are dealing with, and there are respected people who raise the question that the Gravel amendment may cause some serious problem. That is the only thing I say.

Mr. JAVITS. Mr. President, will the Senator yield to me on this issue?

Mr. GRAVEL. I am happy to yield to the Senator from New York.

Mr. JAVITS. Let us remember we are not signing the bill into law. This bill is going to conference, and the thrust and purpose of this amendment has been made crystal clear. Therefore, it seems to me that there is no risk once we agree with the fundamental purpose of the amendment in adopting it because if it is imperfect in technical terms it can be perfected. The point is that we shall be sure because it is generally felt that there has been a very distinct lack of observance of nondiscrimination provisions in respect to revenue sharing. The point is that this law shall bind up that loophole and we shall be sure that there is no religious discrimination of the kind that we intend to deal with by law. I think the mover has made that crystal clear. Senator BROOKE has. I am a cosponsor. I do. But the fact is that it should be adopted because it is high time we tightened this up over, above, and beyond what it was and such a fact be taken into consideration within the limitations that we have already laid down. We have already laid down the policy. And that is all, as I understand it, that is the intention of this amendment.

Mr. RIBICOFF. Is it fair to state for the legislative history to those who sponsor this amendment that affirmative action programs such as have been discussed in the last half hour will not be affected by the Gravel proposal which uses the 1964 Civil Rights Act as a guideline for determining discrimination?

Can the sponsor say that that would be the result?

Mr. GRAVEL. That is correct.

Mr. JAVITS. There is no question about affirmative action programs. There is no question in my mind whatever. They are a negative provision against discrimination.

Mr. President, will the Senator yield?

Mr. GRAVEL. I yield, so that we can pursue the other area.

Mr. JAVITS. The provision respecting counsel fees is attributable, as I understand it, to the decision of the courts that in the absence of statutory mandate, they will not award them.

Mr. GRAVEL. Right.

Mr. JAVITS. That, generally speaking, has been the policy we thought existed, that they would award them. In the absence of that statutory policy, this is certainly one provision which the United States should insist on for all States as a condition for Federal revenue sharing, and I hope very much that it will be adopted.

Mr. GRAVEL. I thank my colleague.

All Senators have really addressed themselves to the religious issue, although I have not brought up my amendment, and I shall now call up that amendment. I think the debate has been taken care of, and I will be prepared to close after that amendment.

UP AMENDMENT NO. 452

I send to the desk my last amendment.

Mr. President, I ask unanimous consent that the name of the Senator from Indiana (Mr. BAYH) be added as a cosponsor of all the amendments.

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

The amendment will be stated.

The legislative clerk read as follows:

The Senator from Alaska (Mr. GRAVEL), for himself and others, proposes an unprinted amendment numbered 452.

Mr. GRAVEL. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 47, line 25, immediately after the period add the following: "Any prohibition against discrimination on the basis of religion, or any exemption from such prohibition, as provided in the Civil Rights Act of 1964 (78 Stat. 241) or title VIII of the Civil Rights Act of 1968 (82 Stat. 73) shall also apply to any such program or activity.".

On page 48, line 20, immediately before "and" insert the following: "or a violation of any prohibition against discrimination on the basis of religion as provided in the Civil Rights Act of 1964 (78 Stat. 241) or title VIII of the Civil Rights Act of 1968 (82 Stat. 73),".

On page 48, line 22, strike out "or".

On page 48, line 23, immediately before "is" insert a comma and "or violation".

On page 51, line 18, immediately before the period insert a comma and the following: "or violated any prohibition against discrimination on the basis of religion as provided in the Civil Rights Act of 1964 (78 Stat. 241) or title VIII of the Civil Rights Act of 1968 (82 Stat. 73) in connection with any such program or activity".

On page 52, line 7, immediately after "sex" insert the following: "Or a violation of any prohibition against discrimination on the basis of religion as provided in the Civil Rights Act of 1964 (78 Stat. 241) or Title VIII of the Civil Rights Act of 1968 (82 Stat. 73),".

Mr. GRAVEL. Mr. President, this amendment to H.R. 13367 would add a paragraph to the nondiscrimination provisions that would apply existing civil rights prohibitions and exemptions on religious discrimination to the revenue sharing program. A reference to "religion" is included in the House bill. The Senate Finance Committee voted to delete any reference to religion from the Senate bill.

Several major Federal civil rights provisions currently prohibit discrimination on the basis of religion. Specifically, title VII of the 1964 Civil Rights Act prohibits employment discrimination based on religion, title VIII of the 1968 Civil Rights Act prohibits religious discrimination in the sale or rental of housing, and title II of the 1964 Civil Rights Act prohibits religious discrimination in places of public accommodation. The House Judiciary Subcommittee on Civil and Constitutional Rights held oversight hearings on the civil rights aspects of revenue sharing and concluded that the Revenue Sharing Act should be amended to prohibit discrimination on account of religious beliefs or affiliation. The U.S. Commission on Civil Rights concurred in this judgment.

More recently, the Congress included a prohibition on religious discrimination in the Antirecession Provisions of the Public Works Employment Act of 1976. The counter-cyclical program is very similar to general revenue sharing in the manner of distribution of funds and the uses of payments by State and local governments under the program.

The Revenue Sharing Act, as passed by the House, contained a prohibition on religious discrimination. That prohibition was not clearly constructed and open to a variety of interpretations. Many religious groups contested the House language on the grounds that it prohibited discrimination in the services in day-care centers, hospitals, and other charitable organizations financed or operated by religious groups for their members.

Assistant Attorney General for Civil Rights Stanley Pottinger confirmed those fears in a September 7 letter to Congressman EDWARD KOCH. He said:

Title VI of the Civil Rights Act of 1964 generally prohibits discrimination on the grounds of race, color or national origin in any federally funded program or activity. Title VI does not however prohibit discrimination in religion in federally funded programs or activities. Other provisions of those civil rights laws prohibit discrimination on grounds of religion with respect to employment, housing and public education. As presently written, therefore, H.R. 13367 could be construed as prohibiting only those kinds of discrimination prohibited in the Civil Rights Act of 1964. On the other hand, because of the broad provisions of the first sentence of Section 122(a), the Act could be read as prohibiting discrimination in services by religious organizations which provide services such as running day-care centers and providing school lunches, even though such discrimination is not prohibited by Title VI of the Civil Rights Act of 1964.

The Senate Finance Committee attempted to clarify this ambiguity by removing any reference to religion from section 122. In my judgment, simply removing the word "religion" is not the best approach, since it would permit cities, towns, and States to provide funds for purposes which discriminate on religious grounds. Congress has already registered its disapproval of such discrimination in existing law.

This amendment will incorporate in the Revenue Sharing Act the prohibitions against discrimination on the

grounds of religion contained in the Civil Rights Act of 1964 and the Civil Rights Act of 1968. It also incorporates any exemptions for religious organizations in those acts. The amendment is careful to avoid any inference that we seek to prohibit the kinds of activities which are permitted by existing civil rights laws. It would still permit religious organizations to give preference to members of the same religion in offering employment and service.

In my judgment, therefore, the purpose of this provision is in accord with the other civil rights provisions in this bill—that is, to secure broader coverage and more efficient enforcement of existing rights, rather than to bring about substantive changes in the kinds of rights protected by Federal civil rights laws.

Mr. GRAVEL. Mr. President, in closing, I point out that the import of these amendments is one that I think is easily understood. The Senate has been over this ground for decades. Where Congress has arrived at a level, I would hate to see this Nation backwater with respect to the civil rights we have attained. Passing the Revenue Sharing Act with the present committee language would put us in that position.

My colleague raises one important point, and that is that in the concept of revenue sharing, we want to give back some money to local government without any strings. Just give them the money without any bureaucracy. He quoted WILBUR MILLS as saying that some day the Federal Government will control all local government. That may be the case. That is not the goal we are after here.

I am as concerned as the Senator from Louisiana about the fact that we have too much Federal Government and too much bureaucratic involvement in some of these areas; but I am equally concerned about the moral fiber of this country. So here we draw the line; we make a distinction.

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

Mr. GRAVEL. I yield.

Mr. MANSFIELD. Mr. President, I wonder whether it will be possible to reach a unanimous-consent agreement of 10 minutes on the pending amendment, the time to be equally divided between the sponsor and the manager of the bill, but the vote on this amendment to be preceded by the vote on the other two amendments.

Mr. GRAVEL. So we would have them in order. The first amendment would be on age discrimination, the second would be on legal fees, and the third would be on religion.

Mr. MANSFIELD. The third one would be on religion.

Mr. PACKWOOD. Mr. President, reserving the right to object—only for clarification—I suggest to the majority leader that because the religion amendment is the confusing one, we vote on the first two, 10 minutes apiece, and then have 10 minutes for discussion on the religion amendment, and then vote. We would then have a fair number of people here, and that is the proposal on which I think many people are confused.

Mr. GRAVEL. That is acceptable to me.

Mr. BROOKE. Mr. President, reserving the right to object, could we have 10-minute rollcall votes after the first?

Mr. MANSFIELD. Yes.

I ask unanimous consent that we have 10-minute rollcall votes from now on.

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

Mr. MANSFIELD. And I ask unanimous consent with respect to the other agreement.

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

Mr. GRAVEL. Mr. President, we have to set a moral tone for this country, and the moral tone is that we want this Nation free of discrimination.

All we are saying is this: If we are going to give you money with the least amount of bureaucratic involvement, we also want to make sure that money is tied to a moral principle involved, and that is that we will guarantee that when we are using Federal tax dollars, those dollars in no way will be party to a moral practice which is abhorrent to the total population of this country. That is all we are doing.

I state again that we are not charting any new ground; we are not moving into any new area of the law. We are trying to hold the lines in the gains that have been gained through the decades. Unfortunately, the committee regressed in this area, and we are trying to adhere to existing law, not one iota beyond that.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays on all three amendments.

The PRESIDING OFFICER (Mr. STONE). Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. MANSFIELD. Mr. President, for the information of the Senate, these three votes will be the last votes tonight, because I understand we have four or five other amendments to take up.

Mr. JAVITS. Mr. President, I ask unanimous consent that Charles Warren have the privilege of the floor during the debate on this matter.

The PRESIDING OFFICER. Without objection, it is ordered.

Mr. GRAVEL. Mr. President, I yield back the remainder of my time.

Mr. LONG. I yield back the remainder of my time.

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

The PRESIDING OFFICER. The Senator will state it.

Mr. MANSFIELD. What is the amendment we are voting on now?

The PRESIDING OFFICER. This is on unprinted amendment No. 450, by the Senator from Alaska, on age discrimination.

Mr. GRAVEL. The second one will be on attorneys' fees, and then we will have a short debate on the third one, which will be on religion.

The PRESIDING OFFICER. That is correct.

Mr. MANSFIELD. And all votes will be 10 minutes in duration.

The PRESIDING OFFICER. The Senator is correct.

The yeas and nays have been ordered on all three amendments. The clerk will call the roll on the first amendment.

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 Virginia (Mr. HARRY F. BYRD, JR.), the Senator from Nevada (Mr. CANNON), the Senator from Michigan (Mr. PHILIP A. HART), the Senator from Indiana (Mr. HARTKE), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Vermont (Mr. LEAHY), the Senator from New Hampshere (Mr. MCINTYRE), the Senator from Montana (Mr. METCALF), the Senator from Minnesota (Mr. MONDALE), the Senator from Rhode Island (Mr. PELL), the Senator from Missouri (Mr. SYMINGTON), the Senator from California (Mr. TUNNEY), the Senator from South Dakota (Mr. MCGOVERN), and the Senator from New Mexico (Mr. MONTOYA) are necessarily absent.

I also announce that the Senator from Hawaii (Mr. INOUYE) is absent on official business.

I further announce that, if present and voting, the Senator from Vermont (Mr. LEAHY), and the Senator from New Hampshire (Mr. MCINTYRE) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BARTLETT), the Senator from Maryland (Mr. BEALL), the Senator from Oklahoma (Mr. BELLMON), the Senator from Tennessee (Mr. BROCK), the Senator from New York (Mr. BUCKLEY), the Senator from Kansas (Mr. DOLE), the Senator from Utah (Mr. GARN), and the Senator from Oregon (Mr. HATFIELD) are necessarily absent.

The vote was announced—yeas 60, nays 15, as follows:

[Rollcall Vote No. 586 Leg.]

YEAS—60

Allen	Hart, Gary	Nunn
Bayh	Haskell	Packwood
Biden	Hathaway	Pastore
Brooke	Helms	Pearson
Bumpers	Hollings	Percy
Burdick	Huddleston	Proxmire
Byrd, Robert C.	Humphrey	Randolph
Case	Jackson	Ribicoff
Chiles	Javits	Schweiker
Church	Johnston	Scott, Hugh
Clark	Laxalt	Sparkman
Cranston	Magnuson	Stafford
Culver	Mansfield	Stevens
Domenici	Mathias	Stevenson
Durkin	McClellan	Stone
Eagleton	McGee	Taft
Fong	Morgan	Thurmond
Ford	Moss	Weicker
Glenn	Muskie	Williams
Gravel	Nelson	Young

NAYS—15

Baker	Hruska	Talmadge
Curtis	Long	Tower
Eastland	McClure	
Fannin	Roth	
Goldwater	Scott, William L.	
Griffin	Stennis	
Hansen		

NOT VOTING—25

Abourezk	Cannon	McGovern
Bartlett	Dole	McIntyre
Beall	Garn	Metcalf
Bellmon	Hart, Philip A.	Mondale
Bentsen	Hartke	Montoya
Brock	Hatfield	Pell
Buckley	Inouye	Symington
Byrd, Harry F., Jr.	Kennedy	Tunney
	Leahy	

So Mr. GRAVEL's amendment was agreed to.

The PRESIDING OFFICER. The question recurs on the next amendment by the Senator from Alaska. The question is on agreeing to the amendment of the Senator from Alaska. The yeas and nays have been ordered, and the clerk will call the roll.

Mr. GRAVEL. Mr. President, will the Chair explain the amendment? It is for legal fees.

The PRESIDING OFFICER. That is correct. 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 Virginia (Mr. HARRY F. BYRD, Jr.), the Senator from Nevada (Mr. CANNON), the Senator from Michigan (Mr. PHILIP A. HART), the Senator from Indiana (Mr. HARTKE), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Vermont (Mr. LEAHY), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Montana (Mr. METCALF), the Senator from Minnesota (Mr. MONDALE), the Senator from New Mexico (Mr. MONTOYA), the Senator from Rhode Island (Mr. PELL), the Senator from Missouri (Mr. SYMINGTON), and the Senator from California (Mr. TUNNEY) are necessarily absent.

I also announce that the Senator from Hawaii (Mr. INOUYE) is absent on official business.

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BARTLETT), the Senator from Maryland (Mr. BEALL), the Senator from Oklahoma (Mr. BELLMON), the Senator from Tennessee (Mr. BROCK), the Senator from New York (Mr. BUCKLEY), the Senator from Kansas (Mr. DOLE), the Senator from Utah (Mr. GARN), and the Senator from Oregon (Mr. HATFIELD) are necessarily absent.

The result was announced—yeas 40, nays 35, as follows:

[Rollcall Vote No. 587 Leg.]

YEAS—40

Bayh	Hart, Gary	Packwood
Biden	Haskell	Pearson
Brooke	Hathaway	Percy
Bumpers	Humphrey	Proxmire
Burdick	Jackson	Roth
Case	Javits	Schweiker
Church	Laxalt	Scott, Hugh
Clark	Magnuson	Stafford
Cranston	Mansfield	Stevens
Culver	Mathias	Taft
Eagleton	McGee	Weicker
Fong	Moss	Williams
Glenn	Muskie	
Gravel	Nelson	

NAYS—35

Allen	Hansen	Randolph
Baker	Helms	Ribicoff
Byrd, Robert C.	Hollings	Scott, William L.
Chiles	Hruska	Sparkman
Curtis	Huddleston	Stennis
Domenici	Johnston	Stevenson
Durkin	Long	Stone
Eastland	McClellan	Talmadge
Fannin	McClure	Thurmond
Ford	Morgan	Tower
Goldwater	Nunn	Young
Griffin	Pastore	

NOT VOTING—25

Abourezk	Bellmon	Buckley
Bartlett	Bentsen	Byrd, Harry F., Jr.
Beall	Brock	
Cannon	Inouye	Mondale
Dole	Kennedy	Montoya
Garn	Leahy	Pell
Hart, Philip A.	McGovern	Symington
Hartke	McIntyre	Tunney
Hatfield	Metcalf	

So the amendment was agreed to.

Mr. BROOKE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. GRAVEL. I move to lay that motion on the table.

Mr. JAVITS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. GRAVEL. Mr. President, I move to reconsider the vote by which the first amendment was agreed to.

Mr. BROOKE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. GRAVEL. Mr. President, I would like to have the attention of the Senate. We have a brief period of time. I would like to have a colloquy. I yield to the Senator from Connecticut who has great concern with the preciseness of this amendment, and this will be responded to. I think it might clear up the misunderstanding.

Mr. RIBICOFF. Mr. President, may we have order? This is a very controversial amendment.

The PRESIDING OFFICER. Will the Senator suspend momentarily and the Chair will get order.

Mr. RIBICOFF. Mr. President, may I have the attention of the Senator from Rhode Island, who is deeply concerned?

This is a very controversial amendment, and I think it should be clarified by the answer to this question.

Does the Gravel amendment affect affirmative action programs, such as a Catholic orphanage, a Jewish day care center, or a Lutheran home for the aged?

Mr. GRAVEL. The answer to that is no, it does not.

I yield to the Senator from Oregon.

Mr. PACKWOOD. Let me give the specific reasons why it does not apply to any of those.

The Gravel amendment incorporates by reference, and only by reference, the 1964–68 Civil Rights Acts. Any imperfection in those acts would be an imperfection here. Any lack of them would be a lack. There is no new language.

Those two acts prohibit religious discrimination in three areas: employment, housing, and public accommodation.

If any one thing we are talking about falls outside those three areas, it is not covered, to begin with.

Second, even those two acts exempt from religious discrimination any discrimination by an educational organization, or a religious organization, as far as it applies to employment or to housing.

In answer to the question of the Senator from Connecticut, the answer is no to every one of the ones he poses.

Mr. BROOKE. Will the Senator yield?

Mr. GRAVEL. Yes.

Mr. BROOKE. Mr. President, many of us have been concerned about these day care centers, religious institutions, and homes. I have many of them in my State, as there are many in the State of Rhode Island, and in many other States as well.

The House language could have prohibited money going to these homes. But the Gravel amendment, as amended, says that "any prohibition against discrimination on the basis of religion, or any other exemption from such prohibition, as provided in the Civil Rights Act of 1964 or title VIII of the Civil Rights Act of 1968 shall also apply to any such" revenue-sharing program or activity. This language corrects the possible problem in the House language and puts back the language we have in the existing law. And therefore, the day care centers and religious homes would not be adversely affected.

Mr. PASTORE. Will the Senator yield?

Mr. GRAVEL. Yes.

Mr. PASTORE. Is this comparable to the language we have included with reference to grants?

Mr. BROOKE. Yes.

Mr. PASTORE. In other words, whatever we have done with reference to grants, we are carrying that over?

Mr. BROOKE. Over into this.

Mr. PASTORE. Into this money.

Mr. BROOKE. The revenue sharing.

So there is no adverse effect upon these homes whatsoever.

Mr. JAVITS. Will the Senator yield?

Mr. GRAVEL. I yield.

Mr. JAVITS. As one of the cosponsors, I would like to concur in these interpretations and to point out that the purpose and effect, in answer to the very precise questions, is so clear that, if there is any problems whatever, it can be perfected in conference.

SEVERAL SENATORS. Vote! Vote!

Mr. HATHAWAY. Mr. President, I ask unanimous consent that John Crawford be granted privilege of the floor.

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

Mr. GRAVEL. Mr. President, I am prepared to vote.

Mr. ROBERT C. BYRD. Will the Senator yield for a unanimous-consent request?

Mr. GRAVEL. Yes.

Mr. MANSFIELD. Mr. President, once again, this will be the last rollcall vote tonight.

Mr. GRAVEL addressed the Chair.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. GRAVEL. Mr. President, I am prepared to vote at this point in time.

The PRESIDING OFFICER. Is all time yielded back?

Mr. LONG. I yield back my time.

Mr. GRAVEL. Yes.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Alaska. 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 Virginia (Mr. HARRY F. BYRD, Jr.), the Senator from Nevada (Mr. CANNON), the

Senator from Michigan (Mr. PHILIP A. HART), the Senator from Indiana (Mr. HARTKE), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Vermont (Mr. LEAHY), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Montana (Mr. METCALF), the Senator from Minnesota (Mr. MONDALE), the Senator from New Mexico (Mr. MONTOYA), the Senator from Rhode Island (Mr. PELL), the Senator from Missouri (Mr. SYMINGTON), and the Senator from California (Mr. TUNNEY) are necessarily absent.

I also announce that the Senator from Hawaii (Mr. INOUYE) is absent on official business.

I further announce that, if present and voting, the Senator from Vermont (Mr. LEAHY) and the Senator from New Hampshire (Mr. MCINTYRE) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BARTLETT), the Senator from Maryland (Mr. BEALL), the Senator from Oklahoma (Mr. BELLMON), the Senator from Tennessee (Mr. BROCK), the Senator from New York (Mr. BUCKLEY), the Senator from Kansas (Mr. DOLE), the Senator from Utah (Mr. GARN), and the Senator from Oregon (Mr. HATFIELD) are necessarily absent.

The result was announced—yeas 59, nays 16, as follows:

[Rollcall Vote No. 588 Leg.]

YEAS—59

Allen	Hart, Gary	Nunn
Baker	Haskell	Packwood
Bayh	Hathaway	Pastore
Brooke	Helms	Pearson
Bumpers	Hollings	Percy
Burdick	Huddleston	Proxmire
Byrd, Robert C.	Humphrey	Randolph
Case	Jackson	Ribicoff
Chiles	Javits	Schweiker
Church	Johnston	Scott, Hugh
Clark	Laxalt	Sparkman
Cranston	Magnuson	Stafford
Culver	Mansfield	Stevens
Durkin	Mathias	Stevenson
Eagleton	McClellan	Stone
Fong	McGee	Taft
Ford	Morgan	Thurmond
Glenn	Moss	Weicker
Goldwater	Muskie	Williams
Gravel	Nelson	

NAYS—16

Biden	Hruska	Talmadge
Curtis	Long	Tower
Domenici	McClure	Young
Eastland	Roth	
Fannin	Scott, William L.	
Griffin	Stennis	
Hansen		

NOT VOTING—25

Abourezk	Cannon	McGovern
Bartlett	Dole	McIntyre
Beall	Garn	Metcalf
Bellmon	Hart, Philip A.	Mondale
Bentsen	Hartke	Montoya
Brock	Hatfield	Pell
Buckley	Inouye	Symington
Byrd, Harry F., Jr.	Kennedy	Tunney
	Leahy	

So the amendment was agreed to.

Mr. JAVITS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. GRAVEL. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. GRAVEL. I would like to add Senator RANDOLPH as a cosponsor to the first amendment. The amendment he hopes will accomplish what he had hoped to accomplish over a number of years.

ADDITIONAL STATEMENTS

Mr. HUDDLESTON. Mr. President, I am pleased to support the basic provisions of the general revenue sharing extension bill reported by the Senate Committee on Finance. The committee and its distinguished chairman are to be commended on the exemplary job which they have done in writing a bill which makes significant and necessary reforms in the areas of public participation, accountability, and nondiscrimination while maintaining, and in some ways increasing, the flexibility for State and local officials which is the cornerstone of the revenue sharing program.

Since its inception in 1972, general revenue sharing has provided $30.2 billion to 39,000 State and local governments at a time when recession has reduced their revenues, inflation has eaten up much of what is left, but the needs of their citizens for more and better services have drastically increased. In the Commonwealth of Kentucky, revenue sharing money represents 3 to 4 percent of our State budget and better than 85 percent of the budgets of some of our localities. At the State level these funds support both current operating costs as well as sorely needed capital expenditures in such areas as elementary and secondary education, health services, and public safety. Locally, revenue sharing buys and staffs ambulances, finances senior citizen programs, upgrades police and fire protection, builds sewage and sanitation facilities, assists transit systems, and supports other vital programs which otherwise would be beyond the reach of underbudgeted town and county governments.

General revenue sharing has reaffirmed the Jeffersonian concept of democracy that the best government is the government closest to the people. It has placed final spending decisions with governments where the taxpayer has the maximum influence. And, it has accomplished this with a minimum of the costly paperwork and redtape which have become closely identified with so many of our Federal categorical assistance programs. In fact, the entire revenue sharing program has been run with a staff of fewer than 100 people, one computer, and negligible administrative costs.

The bill which we have before us today improves upon what has proven to be a highly successful program. It provides for a 5¾-year extension, giving State and local governments firm funding figures on which to base their budgetary decisions. It provides an annual increment to help keep up with inflation. It increases the local voice in expenditure decisions by eliminating the existing priority category provision and the prohibition against the use of revenue-sharing money as matching funds. It includes hearing requirements designed to encourage citizens to participate in the budget processes of their communities. It includes reporting and auditing requirements comprehensive enough to help prevent abuses but realistic enough not to place unnecessary and costly burdens on responsible officials. And, it provides for strong enforcement of the discrimination prohibition.

Mr. President, this is a good, well thought-out bill, and I urge its adoption without major modification.

THE USE OF REVENUE SHARING FUNDS BY LOCAL GOVERNMENT IN IDAHO

Mr. CHURCH. Mr. President, I intend to support the extension of the State and Local Fiscal Assistance Act of 1972, commonly known as general revenue sharing. Originally, I had reservations about this program, based mainly on Federal budgetary considerations, but I have been persuaded that revenue sharing should be continued.

One of the studies which has been most helpful to me in reaching this decision is entitled "The Use of Revenue-Sharing Funds by Local Government in Idaho," published by the University of Idaho. The report concludes that if revenue sharing were not renewed, local governments in Idaho would be hard pressed for funds.

The report uses Pocatello as an example of an Idaho city in which revenue sharing has been particularly important:

> If Pocatello had eliminated all its capital expenditures from revenue sharing funds and raised its general fund levy to the tax limit, the city would still have been short at least several hundred thousand dollars to pay for public safety and other current needs. It seems probable that without revenue sharing funds in 1974–75, Pocatello might have been faced with a substantial reduction in police protection, fire protection, ambulance and other services.

The report states that revenue sharing made possible important capital projects in Caldwell, Moscow, and Twin Falls:

> For Caldwell it meant the opportunity to extend sewer lines within the city limits, to install a new sprinkling system in the city park, to drill a badly needed new well, to develop bike paths which would allow children to ride in safety off city streets, and to build much needed rest rooms in two city parks.
>
> For Twin Falls, revenue sharing provided the funds to build a new fire station to replace a station more than sixty years old and to expand the city library. The Twin Falls City Library was crowded to the point that patrons had no place to sit.
>
> Moscow uses revenue sharing funds to provide senior citizens earning less than $5,000 a year with the opportunity to use local taxi cab services at a greatly reduced rate. Senior citizens pay 50¢ per ticket for taxi rides and the taxi companies redeem the used tickets for $1.75 from the city.

As for smaller Idaho towns the report states that—

> Revenue sharing funds often meant the ability to support a vital service, buy an important piece of equipment, or construct an important building.

The following are typical quotes from revenue-sharing forms as printed in the report:

> BUHL: Some of the city streets were in such poor condition that the patching each year didn't hold up. We put a 2 inch compacted mat overlay on the worst streets. This would have been extremely difficult without revenue sharing money.
>
> EMMETT: Being faced with a sudden loss of a major well supplying the city's all domestic water—due to a well cave-in—the

city was able to drill, construct and put into operation an emergency well so as to not disrupt our supply of water. Without the availability of revenue sharing and the absolute lack of red tape, thereof, the city would have been faced with a major crisis.

KETCHUM: Funds were used to help erect a needed bridge for residents to get to town. The old bridge was a hazard and without revenue sharing funds the new bridge could not have been erected.

MARSING: For the first time since the beginning of the city we are able to build a city hall. In the past the city was run from a home or in the past few years from a log cabin that was donated to the city for the purpose of a museum.

MCCAMMON: The City Office had been in need of repairs for years, but due to the lack of funds was never thought feasible. The ceilings were 14' high, with cinder block walls and no floor coverings, and the heat bill each winter was horrendous and was still not comfortable, so the council decided that if all the organizations who used the building for various meetings would donate the labor, the city would donate the material. Everyone is proud of the finished product.

The report lists some typical examples of the effect of revenue sharing on county governments—

Ada County: Revenue sharing has helped finance a joint Boise-Ada County Administration Building. This building is part of a continuing effort to consolidate certain county-city functions thereby reducing the taxpayers contribution.

Camas County: A new ambulance was purchased and has been used many times since the county seat is 35 miles from the nearest hospital. Revenue-sharing was used to lease a site for a sanitary landfill. The old site was close to a creek that ran through town and was a health hazard. Camas County used part of its money to fund the first County Free Library.

Idaho County: Revenue sharing was of great value in placing refuse containers at important collection centers throughout the county and developing sanitary landfills. The funds were also used to replace an old, narrow, unsafe bridge over the Salmon River with a bridge which would be used by logging, farming, and other heavy vehicles.

Oneida County: Used revenue sharing funds to increase the size of its county nursing home by ten beds thus enabling the nursing home to pay its own way.

As this report indicates, revenue sharing is one funding approach which seeks to return money, power and decision-making to the localities with a minimum of bureaucratic procedures. Despite shortcomings, it allows communities to see clearly that local government can directly benefit from Federal taxation. Such a program deserves to be renewed.

Mr. MATHIAS. Mr. President, I rise in support of H.R. 13367, the proposed extension of the general revenue-sharing program. During the past 5 years revenue sharing has been a critical component in the Nation's overall fiscal system. Along with block grants and categorical grant-in-aid programs, general revenue sharing serves to maintain the partnership among Federal, State, and local Governments.

I commend the Senate Finance Committee, and especially the chairman, Senator LONG, for their hard work in producing a bill that is a tremendous improvement over what has been proposed by the House and provides reasonable solutions to a number of perplexing problems.

Without revenue sharing, the financial pressures on State and local governments would clearly be unbearable. Nevertheless the economic forces that are eroding the financial stability of many local governments have also been having an impact on the value of the revenue-sharing program. Current provisions for an annual increment of $150 million in the revenue-sharing program would provide a yearly growth rate of about 2 percent. City governments over the past 7 years, however, have experienced inflation rates in excess of 10 percent. Recent studies have documented that the net impact of inflation on State governments alone between 1972 and 1974 was a loss of more than $6.6 billion in purchasing power—an amount greater than the total 1974 revenue sharing entitlement. Counties, municipalities, and townships lost $3.3 billion in buying power to inflation. As Dr. Richard Nathan, director of the Brookings Institution revenue-sharing monitoring project, has pointed out: The cumulative effects of inflation on the value of shared revenues will be a shortfall of $11.8 billion. This means that in 1982 the 39,000 State and local governments will, in real terms, be getting 24 percent less than they received in 1972.

Mr. President, local governments have to depend for the most part of their revenues on relatively regressive taxes on sales and property. Many of these governments are faced with a declining economic base and rapidly increasing costs for public services. Increasing local taxes hurts the poor and tends to drive out those who can afford to pay. Unless the revenue sharing program can help local governments to keep pace with inflation, the outlook for the future of our cities is bleak, indeed.

I can certainly understand the budgetary constraints at the Federal level that impose some practical limits on any annual increments in the revenue sharing program. Nevertheless, it is important to consider the role of State and local governments in the total economy. The State and local level now represents almost 50 percent of all government expenditures in the United States. Employment by the State and local governments, totaling almost 12 million people, is a very important factor in the national economy. Unless we realistically address the fiscal problems of State and local governments, their budgetary cuts may counteract what we are trying to do at the Federal level and undermine a distressingly slow trend toward economic recovery.

Mr. President, I hope that the Finance Committee will continue to monitor the revenue sharing program closely to see what steps can be taken to insure that the real value of shared revenue keeps up with inflation and increased costs of State and local government.

In addition to my concern about the adequacy of the total amount of money being provided by the revenue sharing program, I think it is necessary to take note of the questions that have been raised about equity in the distribution formula. Development of a formula to accurately take account of need in light of the great variations among almost 39,000 different units of government is an exceptionally formidable task. While the current revenue sharing formula may not be ideal in terms of serving all of our desired objectives, I believe that the decision of the committee not to make any significant changes is probably a prudent one. It seems that most efforts to adjust the revenue sharing formula to increase allocations to one type of government invariably have undesirable repercussions for other equally deserving units.

The current ceiling of 145 percent on per capita revenue-sharing allocations does, however, provide one example of a factor that deserves careful scrutiny. The original intent to prevent certain jurisdictions with an exceptionally large tax base from receiving a disproportionate entitlement was certainly a reasonable effort to have an equitable formula. Nevertheless, the 145-percent ceiling has not only prevented some resort towns and industrial enclaves from receiving an excessive revenue-sharing payment—it has also restricted the payments to some of the neediest cities including Baltimore, St. Louis, Detroit, New Haven, Cincinnati, Pittsburgh, Philadelphia, and Boston.

Mr. President, I believe that a gradual increase of the 145-percent ceiling to 175 percent could remove an unreasonable restriction on many hard-pressed local governments. In conjunction with an adequate annual increment, this change in the per capita allocation ceiling should not result in any significant reduction to units of government which are now below the ceiling. Any changes in the ceiling should, of course, include provisions to account for tax effort to insure that exceptionally wealthy resort towns or industrial enclaves do not get a windfall.

Without more complete data on the total impact of such a change in the 145-percent ceiling in the revenue-sharing formula, I can certainly understand the committee's desire to avoid any formula modifications at this time. I hope that the committee will, therefore, give careful consideration to the need for a change in the 145-percent ceiling in their oversight of the program.

Mr. President, the revenue-sharing program represents only about 10 percent of the total system of Federal aid to State and local governments. I do believe that the formula for distributing revenue-sharing funds should take account of the special needs of jurisdictions that have a high concentration of low-income people. Because of the vast scope of the revenue-sharing program, however, and its relatively small part in the total system of Federal aid, we cannot realistically expect revenue sharing to solve all of the problems facing State and local governments. Similarly, we cannot expect revenue sharing to be the vehicle for implementing all of the objectives that Congress may feel are worthwhile, when those objectives should be addressed in other legislation. In this light, I hope that the Finance Committee's review of the 145-percent ceiling can also produce some recommendations for alternative ways in which the Federal fiscal system

can better direct assistance to those local governments which are most in need.

Mr. HRUSKA. Mr. President, I rise in support of H.R. 13367 as amended. I believe it will continue the policy of decentralizing the authority of the Federal Government over essentially local problems. Revenue sharing contributes to a revitalized, balanced Federal system enabling State and local governments to provide the essential public services which they are best suited to deliver. Our experience with revenue sharing in America has been a good one. It has the support of the Nation's Governors, county boards, and mayors. It deserves to be continued.

In Nebraska, revenue sharing funds have been used to improve county roads, to purchase equipment, to build new jails, to furnish clinics and to enlarge firehouses. These facilities are critical to rural areas, and without revenue sharing, many local governments would have been unable to finance these public services.

The bill before us not only provides greater assistance by increasing the amount of money in the program, but extends the period of assistance, giving local governments the opportunity to evaluate and to plan more thoroughly for their particular needs. Of special importance are the provisions which I strongly support, easing restrictions on the use of the funds. If revenue sharing is truly to slow the trend toward even greater power and control from Washington, State and local governments must be able to decide for themselves how best to use such funds. By eliminating the priority categories, revenue sharing assistance becomes more responsive to the special needs of this diverse country. It provides the needed flexibility for financing public services required in urban centers as well as in rural areas.

Other provisions of the bill which I especially support assure fiscal responsibility in expending these funds and provide citizens with the opportunity to participate in the determination of the use of such funds.

By passage of this bill, we continue the policy of decentralization of big government envisioned with the initial enactment of the Local Fiscal Assistance Act in 1972.

Mr. MONTOYA. Mr. President, today the Senate is considering a bill to extend for 5¾ years the general revenue sharing program. This program has provided more than $30 billion to approximately 39,000 units of State and local government since 1972. This program accounts for almost 12 percent of all Federal assistance payments to the State and local governments, and is now the Nation's single largest domestic program.

As chairman of the Appropriations Subcommittee on Treasury, Postal Service and General Government, I have been able to observe this program first hand. While this program, like all new programs has had its difficulties, I think the final evaluation must be a positive one.

This program has provided funds to our State and local governments which enabled those governments closest to the people to set priorities and spend Federal tax dollars at the local level.

Mr. President, I have just returned from an extensive tour of New Mexico where I was able to meet and discuss with local people and their elected officials the significance of the general revenue sharing program. Time after time local officials expressed to me their strong and unwavering support for the program. In this era of anti-Washington sentiment this program stands out as an example of the kind of Federal program favored at the grassroots level.

I am pleased that the Finance Committee under the leadership of its distinguished chairman, Senator RUSSELL LONG, has proposed to this body a bill which would provide over $41 billion to be distributed during the next 5¾ years. In recognition of the need to keep pace with the rising costs of goods and services, the committee has provided for an increment of $150 million per year for each year of the program.

Mr. President, on September 8, 1976, before the 19th Annual Conference of the New Mexico Municipal League, I stated my support for this program, and I remain firm in my support. I urge my colleagues to continue their support of the general revenue sharing program and make available to our States, cities, and counties the assistance they critically need.

Mr. HUMPHREY. Mr. President, I urge my colleagues to support this bill, the Fiscal Assistance Amendments Act of 1976, which revises and extends General Revenue Sharing for another 5¾ years. The passage of this bill is vital if we are to continue the congressional fight against double-digit unemployment plaguing many of our cities, to continue the fight for the return of full employment, and to insure that local governments are able to maintain their current level of services without substantial increases in State and local taxes.

Revenue sharing has been the integral component maintaining the budgetary stability of State and local governments. Those who argue that the program should be terminated or be given only a short-term extension forget that a healthy national economy depends on healthy State and local governments. Our national economy will not recover from its recession until States and localities recover from the blow dealt them by the double-whammy of inflation and recession. This bill is yet another step, a most vital step, in helping them to recover from that blow.

Our State and local governments are still discovering that the Draconian tax increases and budget cuts they have imposed are not enough to balance their budgets. Failure to continue revenue sharing would push them further into the red and would force them to utilize counter-productive fiscal policies which would only undercut what is already an anemic recovery.

Termination of this program would either result in an immediate increase in local taxes or a reduction in the level of essential services. A short-term extension of it would only create major budgetary uncertainties at the local level thereby preventing local governments from accomplishing necessary goals and projects. It would be utterly nonsensical to exacerbate the fiscal and employment problems facing State and local governments, yet the termination or only a short-term extension of the program would do just that. And, these are not just big city problems. They are problems of urban and rural America, big and small cities, State and local governments.

This legislation should not only be judged by needs the bill addresses, but also by the successes the program has had. This program has accomplished its intended objectives. It has relieved the fiscal pressures on State and local governments; it has reduced the regressive burden of State and local taxes by substituting revenues from progressive Federal income taxes; and, due to its long-term nature, it has given State and local governments the resources and flexibility to develop long-range plans which address the problems which plague them.

State and local governments have spent their general revenue sharing funds wisely—they have not squandered this money. For example, the State of Minnesota and local governments within my home State have received about $600 million in revenue sharing funds and these governments have put this money to good use. The city of Minneapolis has increased the size and improved the effectiveness of its police force and has been able to maintain the size of its fire department with the aid of general revenue sharing funds. Without this money, the city would have been forced to cut back the size of both departments. The city of Duluth has been able to build a new recreational center and the city of Rochester has a new library because of general revenue sharing.

This bill will mean that my home State will receive an estimated $850 million during the next 5¾ years, 40 percent more than Minnesota received since September of 1972 when revenue sharing was first authorized. In fiscal year 1977, our State will receive an estimated $138 million. I assure you that this money will continue to be spent wisely because there are many worthy projects and goals which still need to be accomplished in Minnesota.

The bill will provide untold benefits to the American people. It will provide new opportunities for direct citizen participation in public policy decisions; it will increase the capacity of local governments to respond to local needs; it contains the resources which will give local governments more long-term stability thereby increasing their effectiveness. But this bill will do more. It will increase the coordination of Federal, State, and local government economic policies. It will help prevent the circumstances where local government employees are laid off as more Federal Government employees are hired and where local taxes are raised as Federal taxes are lowered. In short, it will improve our capacity to implement national economic goals at the local level.

Mr. President, no one can question the need for this legislation for it is tremendous. I urge my colleagues to join me in supporting it.

Mr. GRIFFIN. Mr. President, I ask unanimous consent to have printed in

the RECORD a statement by the Senator from Kansas (Mr. DOLE).

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

STATEMENT BY MR. DOLE

No single action by the Congress in recent years has done more to revitalize State and local governments than the general revenue sharing program. I am very pleased to support H.R. 13367 which extends this excellent program through fiscal year 1982.

BETTER FUNDING

As a member of the Finance Committee, an author of renewal legislation, and an early proponent of the revenue sharing concept, I take a personal stake in the successful passage of this bill. In its present form, H.R. 13367 renews the revenue sharing program for 5¾ years beyond its expiration date on December 31, 1976. An extension of this duration will enable State and local budget makers to plan ahead with some degree of certainty, but it also assures a thorough congressional review of the program at the end of period.

The bill further provides for annual increases in the funding level of $150 million—building upon the basic level of $6.9 billion authorized for fiscal year 1978. While these increases seem huge, they hardly keep pace with the likely rate of inflation during the future term of the program. We should also keep in mind that the entire revenue sharing expenditure accounts for only 12 percent of total federal aid to State and local governments.

FEWER STRINGS, BETTER ACCOUNTABILITY

In keeping with the underlying philosophy of the revenue sharing concept, H.R. 13367 also eliminates some of the Federal "strings" or conditions imposed on recipients at the present time. Among those strings that have been eliminated are requirements that local communities spend revenue sharing funds in certain "priority categories," that recipients furnish "planned use reports" to the Treasury Department, and that they not use revenue sharing funds to match other Federal grant programs.

Although unnecessary Federal strings are severed, H.R. 13367 does require greater accountability on the part of recipients in the areas of civil rights, budget auditing and citizen participation. Such restrictions are merely meant to curb discrimination and fiscal mismanagement, and they stop short of interfering with the legitimate policy making prerogatives of recipient governments.

ROOM FOR IMPROVEMENT

My favorable comments are not meant to suggest that there's no room for improvement in the program's operation. In the past, for instance, I've called for the elimination of the provision requiring recipient governments to comply with the highly inflationary Davis-Bacon act whenever 25 percent or more of revenue sharing funds are used in a construction project. I've also suggested that a gradual reduction of the 50 percent budget constraint would result in a more equitable distribution of funds. But these criticisms while worthy of further consideration, are not sufficient grounds for opposing the bill now before us.

A COMMENDABLE RECORD

I conclude my remarks by poining out that the revenue sharing program has already established a commendable record. It has helped communities bridge the fiscal gap between rising expenditures and declining revenues. It has lessened the burden of regressive sales and property taxes. It has given recipient governments the means to meet local needs as locally determined. And it has encouraged local initiative and slowed the trend toward Federal centralization. H.R. 13367, as amended by the Finance Committee, will further strengthen and improve this worthy program, and I urge the Senate to support it.

Mr. FORD. Mr. President, the Senate today has the opportunity to do a great public service to State and local units of government throughout the Nation by extending the general revenue sharing program for 5¾ years.

I urge my colleagues to move with dispatch and enthusiasm to adopt this legislation.

I do so because I have had the opportunity to see first hand the good work this program has done and how it has become essential to the Federal-State-local partnership.

General revenue sharing was first enacted in 1972 while I was Governor of Kentucky. The program grew out of a belief shared by many of us at the State and local levels that the Federal Government had become too isolated and too powerful.

It was obvious to us, as it was to many in the Congress, that the time had come to decentralize political power in our federal system by channeling money and decisionmaking away from Washington, back to those officials who are closest to the people.

The program has now been in existence for 5 years and there is no doubt in my mind that revenue sharing has proved its worth.

In community after community across Kentucky, I have seen how revenue sharing has made the critical difference, for without it during this period of runaway inflation and high unemployment, basic services and essential projects would either have had to be discontinued or funded through higher taxes.

I have seen how community after community has put these funds to wise and responsible use.

Revenue sharing has given local officials a greater opportunity than ever before to determine the course to take, without infringement or interference from far-removed seats of government.

It has served to restore faith and confidence in government by demonstrating that programs can be run for the needs of communities and people rather than just for the convenience of people in charge.

It has reversed the planning process from the traditional scheme of planning from the top down, and it has increased and improved communications between Federal, State and local governments by forming a strong partnership to best utilize our resources.

The support for revenue sharing in my State is unanimous, because State and local officials know as I do that the program can and does work. By extending this program for 5¾ years, we will enable government throughout the land to provide for long-range planning and increased community participation.

Mr. President, it took a long time for Washington to realize that people just might be best served by government when the decisions are made by those closest to the people. It took a long time to recognize that all decisions dealing with Federal tax dollars do not have to be made in Washington; that the people closest to the situation are quite capable of setting priorities for their communities.

Given the success of general revenue sharing's first 5 years and its value to State, local and, yes, even the Federal Government, it is imperative that we take the necessary action to extend this program.

This is what the American people want, and this is what we owe them.

Mr. BAKER. Mr. President, it is with some sense of relief that I rise to speak in support of the extension of the general revenue sharing program. I speak with a sense of relief because I was beginning to believe that it was going to take us as long to pass the extension of the revenue sharing program as it did for us to establish the program itself. As some of my colleagues may remember, Mr. President, I made my maiden speech on the floor of the Senate advocating the establishment of a "tax sharing" program early in 1967. Over the years, tax sharing became revenue sharing and the program was finally enacted into law in the fall of 1972.

I am pleased, Mr. President, that I was able to play a part in the bipartisan effort that culminated in the enactment of the revenue sharing program. I believe that the history of the program in the intervening years since 1972 has proved the wisdom of that enactment and has demonstrated abundantly and well the validity of the principle underlining the program. That principle, one of the most important elements of our federal system of government, and one I believe to be mandated by the inherent logic of the federal system as established by the Constitution, is that although the Central Government is the most efficient and progressive means of raising revenue, it is the State and local governments, those governments closest to the people from whence those revenues are derived, that can best determine how those revenues can be spent to meet most effectively and efficiently the needs of the people. In this regard it is well to remember that the Federal tax dollar is not created by the Federal Government, but through the exertions and productivity of the American people; and, whenever possible, the decisions regarding the use of those dollars should abide in those governmental entities most directly responsive to the people.

Over the past several years, Mr. President, there have been numerous suggested changes to the revenue sharing program. The bill now before us reflects some of those changes; the House version of this bill, unfortunately, reflects others. I believe strongly, Mr. President, that this bill, the bill as reported by the Senate Finance Committee, is far the better of the two.

Very briefly, Mr. President, let me explain why I endorse the Finance Committee's version of the bill. First, it provides for an extension of the present level of funding annually incremented for inflation for the full 5¾-year period with complete continuity of participant eligibility and allocation formulae. The longer entitlement is obviously more conducive to efficient management and planning in the budgetary processes of

the States or the recipient governmental entities.

Secondly, the elimination of the priority categories and the prohibition against use of revenue sharing to meet Federal grant matching requirements, together with the reasonable and realistic modifications to the requirements for citizen participation in the budgetary planning process of recipient governments and the equally reasonabe and realistic modifications to the reporting requirements, strike a much needed balance between the trust reposed in local government and the need to insure that that large measure of trust is not abused.

Finally, and perhaps most importantly, the antidiscrimination provisions of the Finance Committee bill effectively enforce the intolerance of the Federal Government to any form of discrimination based on race or sex in any governmental program funded in whole or in part by the revenue sharing program. In enacting this legislation, we assume, and in the overwhelming majority of the cases we assume correctly, that revenue sharing funds will be spent fairly, wisely and well; but for those instances in which discrimination persists, we will have provided for effective Federal and private redress.

Mr. President, I endorse without qualification the extension of the revenue sharing program as reported by the Senate Finance Committee. I regret only that the Congress has come so slowly to the consideration of this extension, and I strongly urge my colleagues to consider favorably the passage of the bill in its present form. May I take this opportunity also to urge those of my colleagues who will sit in conference on the bill to insist that the provisions of this version be retained.

Mr. PERCY. Mr. President, I strongly support extension of the revenue sharing program for an additional 5¾ years. Revenue sharing has proved to be of immense importance to all States and local units of government.

The bill reported by the Finance Committee would extend revenue sharing 5¾ years. This will enable units of government to adequately plan ahead with assurance of funding for their programs on a multiyear basis.

Of the fiscal year 1977 proposed figure of $6.9 billion, $353,174,066 would be provided for the State of Illinois and local units of governent within the State. These funds will allow the continuance of many useful programs and projects within the State.

I support the annual increment of $150 million as this will account for inflation and maintain the flow of revenue sharing dollars to the States at a more constant level of actual benefit.

The elimination of categories of expenditures for which revenue sharing funds must be used and the removal of the prohibition on using revenue sharing funds for matching other Federal program expands upon the idea that revenue sharing funds should be unrestricted in their usage by their recipients. The whole point of revenue sharing is to allow local units of government to make their own decisions and set their own priorities on use of these funds. I am pleased that this concept is further expanded upon in this legislation.

The continuation of auditing requirements, requirements for public hearings and discussions on use of revenue sharing funds, and the nondiscrimination provisions provide appropriate safeguards in the use of revenue sharing funds to insure that they are used in accordance with the wishes of the people and for the benefit of all citizens.

Mr. President, I can think of no more appropriate action in this Bicentennial Year than to reaffirm our support of the States and local units of government in this country. By passage of this legislation we will be reaffirming our belief in the federal system of government.

I wholeheartedly support this legislation, urge its speedy enactment into law, and intend to vote against any amendments that will attach unnecessary strings or redtape to the program.

Mr. DOMENICI. Mr. President, I am pleased the Senate is finally considering H.R. 13367, legislation to extend and amend the State and Local Fiscal Assistance Act of 1972. The revenue sharing concept is one I have strongly supported since its inception, and I heartily endorse the committee's efforts to strengthen the present law.

In particular, I support the provisions which remove many present cumbersome restrictions. The elimination of the requirement that localities spend revenue sharing funds in priority categories and the elimination of the present requirement that State and local governments not use revenue sharing to match other Federal programs are certainly welcome changes to the officials trying to administer the funds. Furthermore, the Senate bill stipulates that, where State or local law requires an audit of State and local revenues and expenditures, the same requirement would be applicable to revenue sharing funds. Where no statutory audit requirement exists, an independent audit of the recipient's financial statements, according to generally acceptable accounting standards, would be required every 3 years. These liberalizing provisions will make the present program more workable on the local level.

Other criteria of funding stipulated in the bill will also strengthen the present law such as the general requirement for public hearings, the notification and publication of summary information, and the tougher nondiscrimination provisions of the bill. I strongly endorse the enactment of these improvements as well.

Mr. President, over the past 2½ years, the Nation has suffered the worst recession since the Great Depression. Not only has the private sector been adversely affected, but so too has the State and local sector. Rapidly rising service costs coupled with sluggish or declining tax bases have meant that State and local governments have had to raise tax rates and/or cut services. For example, State spending grew in 1975 by 18.2 percent while revenues grew by only 9.8 percent. The impact of the recession has been especially severe in some of the older, industrial cities.

A chronic problem State and local governments face is that the demand for public services is more elastic than the availability of revenues to finance them. Thus, because of inflation and other factors, expenditure requirements tend to outpace revenues. State and local governments have tended to rely on revenue sources that do not grow as the economy does. The continued provision of general revenue sharing thus not only serves to help solve the fiscal problems of individual State and local governments, but also serves to stabilize the economy. Since 1972, general revenue sharing has become an integral part of State and local budgets. Initially proposed as a new and additional form of Federal assistance, revenue sharing has been used by State and local governments to hold the fiscal line as other Federal categorical programs were reduced. As such, revenue sharing has become not only well integrated into the State and local fiscal process, but also an essential source of funding to State and local governments. For this reason and the before mentioned revisions in the present law, I believe we should support the legislation before us today, and I urge my colleagues affirmative vote.

Mr. HANSEN. Mr. President, I rise today in support of the revenue sharing program which provides to the States the opportunity to decide for themselves what programs they need, and just how those programs should be administered. This is a concept which I would like to see grow.

Much has been made of the contribution of the revenue sharing program to revitalize State and local governments. My State of Wyoming is a rapidly growing rural State. The revenue sharing program will be a tremendous benefit to other rapidly growing States which can use the revenue sharing program funds to provide the services needed in growth phases in towns and cities. Some areas in my State have doubled and tripled in population over the past few years. The $11 million available to those Wyoming locales can do much to provide needed services and improve existing programs.

While I was Governor of Wyoming, Wyoming participated as a member of the Interstate Oil Compact Commission. I found that when those member States each had an opportunity to act on their individual problems, to address their unique situations, far better answers resulted. States, acting singly, are innovative. The Federal Government, on the other hand, by imposing one Federal standard never provides a solution which precisely fits any specific set of circumstances.

The advantages of local and State problem solving resulting from this experience have been seized upon by other States. The options and choices are numerous, and the benefits flowing from this facet of federalism have inured to all the people.

Basically, it gets down to one fundamental concept: many people making individual decisions over the long run

will make fewer serious mistakes and errors in judgment than will be made by one central authority. Students of government have long recognized this inherent weakness in the U.S.S.R.

The distinguished Senator from Oregon has already risen to speak in favor of the "no strings" concept of this legislation. I wholeheartedly support his view that States should have the greatest latitude possible in administering their programs. My experience has borne out the value of independence. Burdensome "strings attached" requirements only serve to dilute the impact of the revenue sharing funds. Our State and local governments should be agencies of creative problem solving, and revenue sharing helps achieve this goal.

Further significant aspects of the Senate Finance Committee's report of the revenue sharing bill is the extension of the timespan of the legislation to 5¾ years. I feel that this is extremely important, because such an extension allows States to rely on the availability of funds over a long period so that they can get the greatest benefit from the program. It would be disastrous if locales were forced to delay their programs, because of the uncertainty as to availability of funds. We can all recall the plight of school systems which were relying on Federal funds only to find that the Congress did not always appropriate the funds when it was expected to. Local units of government need to know two things: The amount of money they are to receive and when they are to receive it. The whole budget process hinges upon this knowledge.

I commend my colleagues on the Finance Committee in making the program effective for 5¾ years.

I support the revenue sharing concept for the contribution it can make toward innovative, creative local problem solving, and urge Senators to support this program.

Mr. DOMENICI. Mr. President, I ask unanimous consent to have printed in the RECORD a statement by the Senator from Oklahoma (Mr. BARTLETT).

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

STATEMENT BY MR. BARTLETT

I wish to express my support for the extension of the State and Local Fiscal Assistance Act of 1972 as embodied in H.R. 13367. I feel that, as reported by the Finance Committee, this bill will enable the continuation of a program that has helped strengthen the role of local governments throughout the Nation. From my own State of Oklahoma, I have received numerous city and town resolutions calling for the continuation of the 1972 law.

The revenue sharing program is one of the few programs that has attempted to provide a means of offsetting the expenses that are being caused by the increasing number of federal regulations. At the same time, the majority of such revenue sharing funds are being used to maintain and improve basic urban services such as police and fire protection, sanitation collection, health care facilities, and improved management technology. Although the FY 77 funding level of $6.9 billion may be just slightly excessive, it does at least face the fact that the costs of these vital state and local government services have been increasing at alarming rates. In a period when many cities and towns are experiencing fiscal difficulty this legislation is like a breath of spring.

The continuance of revenue sharing will also forestall the necessity of our states and localities from having to increase their sales and property taxes. States and localities depend primarily for their funds on such taxes, whereas revenue sharing monies come from income taxes. Income taxes are economically more efficient and despite some obvious inequities which have to be corrected, fairer taxes than property or sales taxes. No one, especially the poor, would wish to pay the increased regressive property taxes that would very likely result if this program is not continued.

I find particularly encouraging the fact that the committee bill eliminates the requirement for mandatory priority expenditures for localities. The present law contained no such restrictions on the states and I am happy to see that the restrictions on the localities have ben removed. These priority categories complicated substantially the operation of what was intended to be an administratively simple program, they also introduced a noxious element of parentalism that thankfully will be absent from the program as extended. Local responsibility has been recognized and will be strengthened by H.R. 13367—common sense has won one.

COMMITTEE MEETINGS

COMMITTEE ON PUBLIC WORKS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Committee on Public Works be authorized to meet on September 14 to consider the Water Resources Development Act of 1976.

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

COMMITTEE ON RULES AND ADMINISTRATION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Committee on Rules and Administration be authorized to meet on September 15 to consider sunset legislation.

COMMITTEE ON ARMED SERVICES

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet on September 14 and 16 to continue hearings on the Army's XM-1 tank program, other legislative items, and authorization to repair typhoon damage to U.S. Navy and Air Force facilities in Guam.

COMMITTEE ON POST OFFICE AND CIVIL SERVICE

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

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Committee on Post Office and Civil Service be authorized to meet on September 20 to consider census bills.

Mr. GRIFFIN. Mr. President, at the request of another Senator, I respectfully object.

The PRESIDING OFFICER. Objection is heard.

SUBCOMMITTEE ON AGRICULTURAL CREDIT AND RURAL ELECTRIFICATION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Subcommittee on Agricultural Credit and Rural Electrification of the Committee on Agriculture and Forestry be authorized to meet on September 17 to consider H.R. 12207, a bill to amend the Rural Electrification Act.

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

EXCHANGE OF MEDICAL INFORMATION BETWEEN THE VETERANS' ADMINISTRATION AND THE MEDICAL COMMUNITY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Order No. 847.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 3348) to amend title 38, United States Code, in order to extend and improve the program of exchange of medical information between the Veterans' Administration and the medical community, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill which had been reported from the Committee on Veterans' Affairs with an amendment as follows:

On page 2, beginning at line 9, insert:

SEC. 2. (a) Subchapter I of chapter 2 of title 38, United States Code, is amended by adding at the end thereof the following new section:

"§ 203. Availability of appropriations

"Any funds appropriated to the Veterans' Administration may, to the extent provided in this title or an appropriations Act, remain available until expended.".

(b) The table of sections for subchapter I of chapter 3 of title 38, United States Code, is amended by adding at the end thereof the following new item:

The PRESIDING OFFICER. The question is on the engrossment of the amendment and 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.

The bill (H.R. 3348) was passed.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 94-891), explaining the purposes of the measure.

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

INTRODUCTION AND SUMMARY OF H.R. 3348, AS REPORTED

H.R. 3348 was passed unanimously by the House of Representatives on June 16, 1975, and was referred to the Senate Committee on Veterans' Affairs on June 17, 1975. On February 2, 1976, S. 2908, the proposed Veterans Omnibus Health Care Act of 1976, was introduced in the Senate. Section 121 of S. 2908 contained provisions which were similar in scope and purpose to those of the House-passed H.R. 3348.

On February 18 and 19, the Subcommittee on Health and Hospitals held hearings on S. 2908 and other pending veterans health care legislation. In order to satisfy the reporting requirements of the Congressional Budget Act of 1974 (Pub. L. 93-344), with respect to authorizing legislation, section 121 has been separated from S. 2908 and this bill, in lieu of that section, is being reported to the Senate. (The Committee has also determined, as a result of its consultation with

the Senate Committee on the Budget, that the May 15 reporting deadline is generally inapplicable to the other provisions of S. 2908, which constitute entitlement legislation to which the May 15 required reporting date in section 402(a) of that Act does not apply).

During the 2-week period from April 12 to April 23, the members of the Committee by poll voted unanimously to report favorably H.R. 3348 and the amendment to it.

The basic purpose of H.R. 3348 is to permit the continued growth and development of the Department of Medicine and Surgery's Exchange of Medical Information (EMI) program by authorizing, through fiscal year 1979, expenditures to support grants and pilot programs in this field. The bill also provides that proceeds to the Government received under the EMI program shall be credited to the applicable VA medical appropriation instead of being returned to the Treasury as miscellaneous receipts (as under current law).

Specifically, H.R. 3348 as reported would:

(1) Amend section 5054(b) of title 38 to require that any proceeds to the Government received for providing medical information to the medical community under the EMI program be credited to the applicable VA medical appropriation;

(2) Amend section 5055(c) of title 38 (authorizing appropriations to carry out EMI programs) to authorize expenditures for the EMI program of $3,500,000 for fiscal year 1976, $1,700,000 for the transition quarter beginning July 1 and ending September 30, 1976, and $4,000,000 annually for fiscal years 1977, 1978, and 1979; and

(3) Add a clarifying technical amendment which explicitly authorizes that funds appropriated to the Veterans' Administration, may to the extent provided in title 38 or an Appropriations act, remain available until expended.

BACKGROUND AND DISCUSSION

The exchange of medical information program

To strengthen medical programs at Veterans' Administration hospitals not affiliated with medical schools or in locations remote from medical teaching centers, and to foster the widest possible cooperation and consultation among members of the medical profession, Congress, 10 years ago enacted legislation (Public Law 89-785, the Veterans Hospitalization and Medical Services Modernization Amendments of 1966) to authorize the Administrator of Veterans' Affairs to enter into agreements with medical schools, hospitals, medical centers, and individual members of the medical profession for the free exchange of medical information. The EMI program was part of a comprehensive program for the sharing of medical facilities, equipment, and information, now codfied as subchapter IV of chapter 81 of title 38, United States Code.

The purpose of the EMI program was to bring modern medical and communications technology to bear on the quality of services available to veterans at VA hospitals which, for reasons of size, location, or lack of resources, were unable to take full advantage of the latest medical information. The 1966 legislation charged the VA with the responsibility to engage in pilot projects having as their objective the strengthening of VA hospitals through the exchange of medical information, and authorized annual appropriations of $3,000,000 for the 4 fiscal years ending June 30, 1971 to support projects in that area.

Initial funding commenced in fiscal year 1968, with the appropriation of $942,000. This amount was increased to $974,000 in fiscal year 1969, and to $2,000,000 for each of the next 2 fiscal years.

By 1971, Congress had come to recognize the EMI program as an integral part of the VA's ongoing programs for patient care, research, and medical education. In that year, legislation was enacted (Pub. L. 92-69) extending the authorization of appropriations for the program for an additional 4 years, or through fiscal year 1975. Appropriations for the program increased from $2,000,000 in fiscal year 1972 to $2,500,000 in fiscal year 1973, and to $3,000,000 annually for fiscal years 1974 and 1975.

The EMI program is now concluding its eighth year of operation. Since its beginning in 1968, over 50 projects have been supported under the EMI program. Every one of the VA's 171 hospitals has contributed to the program, either as "core" institutions from which information flows to outlying hospitals or as recipients of this information. Health professionals in 100 communities in the United States have participated in and benefited from the program. The funds provided have been fully expended and wisely invested in pilot programs which, once established, have contributed directly and significantly to patient care.

Program accomplishments

The Veterans' Administration's health care system of 171 hospitals and more than 200 outpatient clinics is an established nationwide resource as well as integral part of the community health care system in each population center in which the VA has a medical facility. The operation of this vast system carries with it a mandate to provide the best possible care to every individual who comes to a VA facility regardless of its location. This means that the agency must constantly look to the latest scientific and technological developments to determine what impact each may have on the delivery of quality medical care.

Through the development of modern electronics and communications systems, the barriers of time and distance have largely disappeared. It is now technologically possible for all physicians and other health care professionals throughout the United States to operate in one professional milieu. For example, the day is approaching when physcians in the most remote parts of our country will have immediately available to them the same consultants and other professional resources as do their colleagues in medical teaching centers. The technology to do this is available. All that remains is to harness it to our needs in ways that are cost effective and in the best interests of the patient.

The EMI program is the vehicle through which this and other advances in biomedical communications are being accomplished.

Since its inception in fiscal year 1968, a wide variety of innovative activities has been supported under the EMI program through grants to medical schools, hospitals, and research centers and via direct funding to VA hospitals. The activities supported under this program vary in concept, scope, and content, although each has as its objective the investigation, development, and implementation of innovative programs in the exchange of medical information. The following are typical of the pilot projects conducted under this program.

(1) Participation in a series of biomedical communication experiments via a satellite which was launched in April 1974 by the National Aeronautics and Space Administration.—This satellite, known as Applications Technology Satellite-F (ATS-F), provides a unique opportunity for the VA to explore new modalities of information exchange involving 10 VA hospitals located in the Appalachian region of the United States. ATS-F is an attempt to broaden, through experimentation, the scope of health services through long-distance, simultaneous, low-cost, interactive transmission of consultations and pertinent clinical and educational materials.

(2) Establishment of a pilot Nuclear Medicine Network consisting of the 4 VA institutions in eastern Missouri and southern Illinois.—The participating hospitals are Marion, Ill.; Poplar Bluff, Mo.; St. Louis (John Cochran Division), Mo.; and St. Louis (Jefferson Barracks Division), Mo. This is a patient-care-oriented project which will, when fully operational, investigate the feasibility of utilizing a geographic electronic network to provide diagnostic nuclear medicine services. The major impediment to the establishment of nuclear medicine services in outlying hospitals has been the lack of trained professional and technical nuclear medicine personnel in these institutions. The Nuclear Medicine Network is a plan to provide the highest level of nuclear medicine services through the use of computer communications technology and without the need for a professional specialist in residence at the remote hospitals. These services include dynamic and static imaging, in vitro procedures, and in vivo function and volume measurements. All the major items of nuclear medicine equipment have been installed. The procurement of the computer equipment is in process and various necessary instructional materials have been prepared so as to ensure effective utilization of the Nuclear Medicine Network.

(3) Development of a Center for Continuing Health Education (CCHE) in the Rocky Mountain Region through a grant with the University of Utah Medical Center.—Initially the VA hospitals at Boise, Idaho; Fort Harrison, Mont.; Grand Junction, Colo.; Reno, Nev.; Salt Lake City, Utah; and Sheridan, Wyo., were included in the project. During fiscal year 1973, the VA hospitals at Cheyenne, Wyo.; Fort Lyon, Colo.; and Miles City, Mont., became active participants in the network. The major purpose of this project is to create an environment conducive to the provision of the best possible patient care at the participating hospitals by fostering educational programs which meet the hospital's needs. In keeping with the intent of the EMI legislation, development of the CCHE is also directed toward improvement in the quality of patient care rendered to all residents of each community in which the participating VA hospitals are located. The impact of the CCHE activities on patient care in the isolated locales of the participating hospitals is demonstrable.

(4) The Veterans Education Training and Extramural Regional Audiovisual Network (VETERAN).—This program, initiated in 1973, is a conceptual merger of the EMI and the VA's regionalization policy. When fully developed it will provide for access and exchange of medical information via television between the VA hospitals in St. Louis, Mo.; Poplar Bluff, Mo.; and Marion, Ill.; as well as with the medical schools and other major health care facilities in the St. Louis area. Thus, it will serve to bring those VA hospitals which are in the district, but remote from urban medical centers, within one orbit educationally and clinically, by facilitating cost-effective exchange of medical information. It will also provide the opportunity for close cooperation between the VA medical programs and other public and private health care agencies in the region.

(5) Interactive Telecommunications System for Central Maine.—The project is designed to train family practice physicians who live and practice in underserved areas of low populations density. Involved is a consortium of 5 hospitals, including the VA facility at Togus, Maine.

(6) Center for Continuing Health Education.—Development of coordinated educational program fulfilling a variety of needs at eight VA hospitals in Colorado, Wyoming, Montana, Idaho, and Nevada.

(7) Regional Computerized Consultation: Fluid and Electrolytes.—Extension of im-

mediate clinical consultation to VA hospitals remote from urban medical centers.

(8) Dial Access for Physicians and Nurses.—Over 400 lectures for physicians and nurses available nationally by dialing a single number.

(9) Endoscopy in Television.—Utilization of closed circuit television for visualization and documentation of endoscopic findings developed at the VA hospital, Lake City, Florida.

(10) VA/Nebraska Television Network.—Two-way closed circuit television system between the University of Nebraska Medical Center, University of Nebraska College of Dentistry, Creighton University School of Medicine, and VA hospitals, Omaha, Lincoln, and Grand Island.

(11) Statewide Tumor Registry.—Establishment of an automatic, computerized statewide tumor registry in Alabama encompassing the University of Alabama Medical Center and the four VA hospitals in Alabama.

(12) Telemedicine/Teleconsultation. — Closed circuit television system between the VA hospital, Bedford, Mass., and Massachusetts General Hospital used for therapy and consultation.

The EMI program complements the concept of regionalization, as it is being applied in the Department of Medicine and Surgery, in seeking the common goal of enabling every VA hospital to offer the advantages of the latest developments in medical care to its patients.

TECHNICAL AMENDMENT

H.R. 3348 as reported would also add a clarifying technical amendment which explicitly authorizes that funds appropriated to the Veterans' Administration may, to the extent provided in title 38 or an Appropriations act, remain available until expended. This clarification is apparently required because of a recent interpretation by the Parliamentarian of the House of Representatives. For years Appropriation acts have specified, for most VA appropriation accounts, that the funds appropriated may remain available until expended. The Committee understands that with respect to the fiscal year 1976 appropriations for the Veterans' Administration a parliamentary inquiry was initiated which questioned the authority for the Appropriations Act to specify the continued availability of VA funds. The Committee further understands that it is the position of the House Parliamentarian that unless the substantive law authorizing the various VA programs permits funds to be continued available until expended, such an Appropriations act specifying the same would be subject to point of order on the floor of the House.

Some Veterans' Administration programs authorized under title 38 already have such specific authorization with respect to multiyear availability of appropriations. They include Medical and Prosthetic Research (section 216(b)); Grants to the Republic of the Philippines (section 631(d)); Grants for Construction of State Extended Care Facilities (section 644(d)); Loan Guaranty Revolving Fund (section 1824); and Assistance for Health Manpower Training Institutions (section 5082(b)). As to certain other VA programs, there is not such a specific authorization. Accordingly, the clarifying technical amendment adopted by the Committee would provide explicit authority in order to authorize the House Appropriations Committee to continue existing practice. New section 203, thus provides that funds may be available until expended either if authorized under title 38 or so specified in an Appropriations act.

COST ESTIMATES

In accordance with section 252(a) of the Legislative Reorganization Act of 1970 (Pub. L. 91-510, 91st Congress), the Committee, estimates that, if all funds authorized to be appropriated are appropriated, the costs entailed by enactment of H.R. 3348 as reported would be: Authorize an appropriation of $3,500,000 for fiscal year 1976; $1,700,000 for the period beginning July 1, 1976 and ending September 3, 1976; $4 million for fiscal year 1977; $4 million for fiscal year 1978, and $4 million for fiscal year 1979.

SPECIAL ORDERS FOR TUESDAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on tomorrow, after the two leaders or their designees have been recognized under the standing order, the following Senators be recognized, each for not to exceed 15 minutes and in the order stated: Messrs. RIBICOFF, MOSS, HATHAWAY, CHILES, and MANSFIELD.

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

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that following the orders for the recognition of Senators on tomorrow, there be a period for the transaction of routine morning business of not to exceed 15 minutes with statements limited therein to 5 minutes each at the conclusion of which the Senate will resume the consideration of the revenue sharing legislation.

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

CAMILLA A. HESTER

Mr. ROBERT C. BYRD. Mr. President, at the request of Mr. ALLEN, I ask unanimous consent that the Senate now proceed to the consideration of Calendar Order No. 1134.

The bill (S. 3790) for the relief of Camilla A. Hester, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of subchapter III of chapter 83 of title 5, United States Code (relating to civil service retirement), Camilla A. Hester, of Foley, Alabama, shall be deemed a widow within the meaning of subsection (a)(1) of section 8341 of such title, and if otherwise entitled to a survivor annuity under such section, shall be paid that annuity from September 28, 1972.

SEC. 2. Any amounts payable by reason of the first section of this Act with respect to any period prior to the date of the enactment of this Act shall be paid in a lump sum within sixty days after such date, including interest at an annual rate of 6 per centum from the time when payments were due under the first section of this Act.

SEC. 3. In addition to amounts payable by reason of the first section of this Act, the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $5,000 to the said Camilla A. Hester, as compensation for hardships endured and expenses incurred, over a period of four years, in seeking to qualify for a survivor annuity.

SEC. 4. No part of the amount authorized by this Act in excess of 15 per centum of the sums described in sections 2 and 3 of this Act shall be paid or delivered to or received by an agent or attorney on account of services rendered in connection with this claim, and the same is unlawful, any contract to the contrary notwithstanding. A violation of this section is a misdemeanor punishable by a fine in an amount not to exceed $1,000.

Mr. ALLEN. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. GRIFFIN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER FOR ADJOURNMENT UNTIL 11 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until the hour of 11 o'clock tomorrow morning.

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

CHANGE OF TIME DESIGNATED FOR TRIBUTES TO SENATOR MANSFIELD

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the 2 hours under the control of the distinguished Republican leader and myself during which tributes may be expressed to our distinguished majority leader concerning his forthcoming retirement at the end of this Congress, which was originally set up for Friday at the close of business, be shifted to Thursday of this week at the close of legislative business.

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

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene tomorrow at 11 a.m. After the two leaders or their designees have been recognized under the standing order, Messrs. RIBICOFF, MOSS, HATHAWAY, CHILES, and MANSFIELD will be recognized, each for not to exceed 15 minutes, and there will then be a period for the transaction of routine morning business of not to exceed 15 minutes, with statements therein limited to 5 minutes each, at the conclusion of which the Senate will resume the consideration of the revenue sharing bill. Rollcall votes will occur on that measure throughout the afternoon, and other measures may be taken up during the afternoon on which rollcall votes could occur. Conference reports may be called up, and I should mention that Calendar Order No. 1127, S. 1439, may be called up during the afternoon.

ADJOURNMENT UNTIL 11 A.M.

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 Sen-

ate stand in adjournment until the hour of 11 o'clock tomorrow morning.

The motion was agreed to; and at 7:34 p.m., the Senate adjourned until tomorrow, Tuesday, September 14, 1976, at 11 a.m.

NOMINATIONS

Executive nominations received by the Senate September 13, 1976:

UNITED NATIONS

The following-named persons to be Representatives of the United States of America to the Thirty-first Session of the General Assembly of the United Nations:

William W. Scranton, of Pennsylvania.
W. Tapley Bennett, Jr., of Georgia.
George McGovern, United States Senator from the State of South Dakota.
Howard H. Baker, Jr., United States Senator from the State of Tennessee.
Reverend Robert P. Hupp, of Nebraska.

The following-named persons to be Alternate Representatives of the United States of America to the Thirty-first Session of the General Assembly of the United Nations:

Albert W. Sherer, Jr., of Illinois.
Jacob M. Myerson, of South Carolina.
Nancy V. Rawls, of Georgia.
Stephen Hess, of the District of Columbia.
Ersa Hines Poston, of New York.

NATIONAL SCIENCE FOUNDATION

The following-named persons to be Members of the National Science Board, National Science Foundation, for a term expiring May 10, 1982:

Raymond L. Bisplinghoff, of Missouri.
Lloyd Miller Cooke, of New York.
Herbert D. Doan, of Michigan.
John R. Hogness, of Washington.
William F. Hueg, Jr., of Minnesota.
Marian E. Koshland, of California.
Alexander Rich, of Massachusetts.

IN THE NAVY

Vice Admiral Kent L. Lee, U.S. Navy, for appointment to the grade of vice admiral on the retired list pursuant to the provisions of Title 10, United States Code, Section 5233.

HOUSE OF REPRESENTATIVES—*Monday, September 13, 1976*

The House met at 12 o'clock noon.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

God is with you in all that you do.—Genesis 21: 22.

"Breathe on us, Breath of God,
Fill us with life anew,
That we may love what thou dost love,
And do what thou wouldst do."

In this spirit, our Father, we come to Thee and with this song on our lips we would make ourselves ready for the responsibilities which are ours. Lift the burden of demanding duties from our heavy hearts that with the shield of love and the sword of truth we may face our tasks with faith and without fear.

Kindle in our hearts a devotion to freedom, justice, and good will in our land and in our world that the time may come when our people shall live together in friendly relations and the nations shall get along together in peace.

In the spirit of Him who keeps us free we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Roddy, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills of the House of the following titles:

On September 9, 1976:

H.R. 9153. An act granting the consent of Congress to the New Hampshire-Vermont Interstate Sewage Waste Disposal Facilities Compact.

On September 10, 1976:

H.R. 11481. An act to authorize appropriations for the fiscal year 1977 for certain maritime programs of the Department of Commerce, and for other purposes; and

H.R. 11670. An act to authorize appropriations for the Coast Guard for the procurement of vessels and aircraft and construction of shore and offshore establishments, to authorize for the Coast Guard a year-end strength for active duty personnel, to authorize for the Coast Guard average military student loads, and for other purposes.

On September 11, 1976:

H.R. 13372. An act to amend the Wild and Scenic Rivers Act (82 Stat. 906; 16 U.S.C. 1271), and for other purposes; and

H.R. 15371. An act to provide for protection of the spouses of major Presidential and Vice Presidential nominees.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 14262) entitled "An act making appropriations for the Department of Defense for the fiscal year ending September 30, 1977, and for other purposes," and that the Senate agreed to House amendments to Senate amendments numbered, 19, 20, 21, 22, 42, 46, 59, 70, 76, 91, 107, 112, and 114 to the foregoing bill.

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

H.R. 71. An act to amend title 38, United States Code, to provide hospital and medical care to certain members of the armed forces of nations allied or associated with the United States in World War I or World War II;

H.R. 14260. An act making appropriations for Foreign Assistance and related programs for the fiscal year ending September 30, 1977, and for other purposes; and

H.R. 15194. An act making appropriations for public works employment for the period ending September 30, 1977, and for other purposes.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 14260) entitled "An act making appropriations for Foreign Assistance and related programs for the fiscal year ending September 30, 1977, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. INOUYE, Mr. PROXMIRE, Mr. MCGEE, Mr. CHILES, Mr. JOHNSTON, Mr. MCCLELLAN, Mr. BROOKE, Mr. HATFIELD, Mr. MATHIAS, and Mr. YOUNG to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 15194) entitled "An act making appropriations for public works employment for the period ending September 30, 1977, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. PASTORE, Mr. MCCLELLAN, Mr. PROXMIRE, Mr. JOHNSTON, Mr. HUDDLESTON, Mr. YOUNG, Mr. HRUSKA, Mr. MATHIAS, and Mr. BELLMON to be the conferees on the part of the Senate.

APPOINTMENT OF CONFEREES ON H.R. 14238, LEGISLATIVE BRANCH APPROPRIATIONS ACT, 1977

Mr. SHIPLEY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 14238) making appropriations for the legislative branch for the fiscal year ending September 30, 1977, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Illinois? The Chair hears none, and appoints the following conferees: Messrs. SHIPLEY, GIAIMO, ADDABBO, MCFALL, YATES, EVANS of Colorado, ROYBAL, ROUSH, MAHON, COUGHLIN, CEDERBERG, ARMSTRONG, and REGULA.

CALL OF THE HOUSE

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

The SPEAKER. Evidently a quorum is not present.

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

A call of the House was ordered.

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

[Roll No. 712]

Abzug	Biaggi	Cleveland
Addabbo	Boland	Conlan
Alexander	Bonker	Conte
Ambro	Brinkley	Conyers
Andrews, N.C.	Brooks	Cotter
Ashley	Burgener	D'Amours
AuCoin	Burke, Calif.	Danielson
Badillo	Carter	Davis
Beard, R.I.	Chappell	de la Garza
Bell	Chisholm	Delaney